ARA net slipping as expected; reflects interest on LBO debt

By Charles Bernstein

PHILADELPHIA — ARA Services' pretax operating profits for its first quarter through March 31 as a private company rose slightly from $39.7 million in the same period last year, *Nation's Restaurant News* has learned.

At the same time, a company financial source disclosed, net aftertax profits dropped considerably to "a small profit," compared with the $16.2 million of last year's similar quarter.

That drop and a continued anticipated dip in comparative net aftertax profits this year reflect the heavy interest that ARA is paying on its debt incurred in an $850 million leveraged buyout that took it private last Dec. 19—a deal negotiated mainly through Chemical Bank and Morgan Guaranty Trust Company in the amazingly short space of 99 days from the time it was initiated.

As the principal is reduced over the 10-year period of the LBO loans, the interest payments will also steadily decline, leading ARA officials to expect a resumption of profit growth by 1986 or 1987.

In just a few months, ARA reduced its total debt by $41 million from just over $1 billion (including some $150 million in loans before the LBO).

Meanwhile, revenues for the quarter ended March 31 jumped 10% to about $950 million, compared with those for last year's same quarter. Prospects are that ARA will achieve $3.7 billion in revenues this year, compared with last year's $3.4 billion, and raise its capital spending to $170 million annually over the next five years.

"Those who questioned our ability to sustain the LBO with a strong performance can now see that ARA is healthier than ever, in new business, capital expansion and growth," asserted ceo Joseph Neubauer. "We're not divesting ourselves of anything because of the LBO, and we're growing faster than ever."

Meanwhile, the financial source conceded that ARA "in the long run" would like to "further improve" on its 1.3% net aftertax profit to a revenues margin of 1984, but he noted that "obviously it will be another year or two before we can move toward our goals of 1.5% and 2%."

The LBO deal was "an absolute necessity" to protect ARA from the takeover efforts of various potential bidders, the source said. (The only known specific bid, rejected by the board and then withdrawn, was a $720 million one by former ARA Food Service president William Siegel.)

ARA's strength now is its stable top management team of Neubauer, 43, chairman

*(See **ARA**, page 231)*

McLamore named MUFSO Pioneer

MIAMI — James W. McLamore, who cofounded Burger King 31 years ago and launched the Whopper as its signature item a few years later, has been named Pioneer of the Year by *Nation's Restaurant News*.

He will receive his award at *NRN*'s annual Multi-Unit Food-Service Operators (MUFSO) conference in the Hyatt Grand Cypress Hotel, Lake Buena Vista, Fla., Tuesday evening, Oct. 15.

The presentation will be one of the highlights of *NRN*'s 26th annual MUFSO conference from Sunday evening, Oct. 13, to Oct. 16. Among the major speakers will be Collins Foods chairman Jim Collins, General Mills restaurant group president Joe Lee, Burger King chairman Jeff Campbell and McLamore.

For further MUFSO conference details and registration information, please contact Barbara Burnside, special events director, at 212-371-9400.

James W. McLamore

McLamore, now 59, was the NRA's 1975-76 president and in the fall of 1975 was voted MUFSO Operator of the Year by the readers of

*(See **McLAMORE**, page 231)*

Carl's Jr. slashes prices, launches 49¢, 2-oz. burger

"I've just reduced the price on every one of my hamburgers."

—Carl N. Karcher

ANAHEIM, Calif. — With a Lee Iacocca-esque flourish, the founder and chairman of Carl Karcher Enterprises (CKE) has launched a series of personal pitches from full-page newspaper ads, drive-thru menu boards, television and other media, aimed at reclaiming a disaffected customer base for his troubled Carl's Jr. fast-food chain.

CKE, after abandoning its ill-fated search for a more upscale market niche between Denny's and McDonald's has cut burger prices across the board and rolled a new 49¢, 2-oz. burger into its 420-unit, four-state restaurant system.

The chain reported that restaurant sales volume has risen slightly, while customer traffic and transactions have soared more than 10%, during three months of testing of the new prices in Phoenix; Fresno, Calif., and San Antonio.

Prices have been lowered from 10¢ to 30¢ on the five basic Carl's Jr. burgers, which now range from 49¢ to $2.19. The 2-oz. low-ticket burger is a smaller version of the former 79¢, $2^2/_3$-oz. Happy Star burger. One-third-lb. burger varieties are now an added 35¢ option on three, $3\ ^2/_3$-oz. sandwiches—instead of being separately featured items.

Karcher's multimedia campaign, begun May 9, is expected to consume a large chunk of the company's $12 million ad budget for the year. An apparent target of the ads, which feature the company founder as a spokesman, are former customers who were confused by the defunct, $4-range dinner platters and other recent upscalings.

"Lately it seemed to me, that all over the country—and [at] Carl's Jr., too—prices started to get a little out of hand," Karcher said in the ads, adding that he "thought it was time to take a stand, to show our customers that Carl's Jr. intends to take the lead and do something about it."

In addition to the 10% burger price reductions, CKE officials said they would also cut the number of new restaurants planned for 1985 from 60 to 45, a move that would save nearly $10 million.

Despite a 35% earnings dip in the fourth quarter, CKE squeezed out a slim year-to-year net profit gain of $150,000, to $11.6 million, for the fiscal year ended Jan. 25.

COMMODITIES

Seafood prices see high volatility in spring months

***NRN* Special Report**

There is a great deal of volatility in seafood prices now, as there often is during the spring months. This is the time when the winter weather breaks for North Atlantic fishermen and preliminary forecasts of catches may be projected.

Scallops look to be in good position. Stocks are up by 8%-10% over last year at this time, and importers say supplies from foreign sources are good and may get better. Prices for Canadian frozen scallop meat is down by about $1 a pound from last month—$1.10 less than last year—at $5.90-$6 a pound for 30/40 count, bringing about $1.50 a pound more than Icelandic (up about $0.50 from last year) for the same size. The drop will put pressure on the price for domestic product, which had been running $0.20-$0.30 above the Canadian.

There are slightly larger stocks of king crab this year than last, but that's mostly the effect of continued high prices, not better catches. The season through April 1 saw the landings in Alaska down 64% from 1983 and down 46% from 1984. Some marine biologists think the crustacean is so badly fished out that—even with conservation methods now in use—it will be five to eight years before catches increase significantly. They believe we may never have a repeat of the huge catches of the 1960's-1970's. Stocks, however, are now up 5% over last year, and reduced demand has resulted in prices about $0.50-$0.75 lower than last year at this time.

There's a mixed picture presented by imported blocks and slabs (from which fish portions are made) and the prices of portions. Canadian cod blocks and slabs have been running about $1.02-$1.06 for several months—before, during and since the Newfoundland trawlermen's strike that cut off most of the supply from that country. The same thing has been true of ocean perch, pollock and haddock. On the other hand, late last month the prices of breaded fish portions dropped, ranging—depending upon the species—in reductions of from $0.01 to $0.10 per pound. Although supplies of cod are building, at the end of March it was still down by about 45% from last year and ocean perch is also down by about that much.

By this time, domestic Gulf shrimp fishing should have started, with most of the early catch destined for canners. Last season's pack was down, but fisheries hope good weather will result in a better harvest this year.

Although green coffee prices paid by roasters have been holding at about 6% less than a year ago for nearly two months now, most of the decrease has been due to a lack of demand. But now, with new information about coffee stocks available, expect rises up to and exceeding last year's prices.

Around the end of February every year, roaster demand falls off, because fall and winter are the traditional coffee drinking times. With the coming of spring, roasters have already passed their peak demand and have enough inventory for several months. As demand drops, usually the price does also. (Such temporary drops in price—and the temporary rises in the fall—are seldom seen by operators, since they tend to even out over the year, and most roasters do not pass them on.)

This year may be different, however. It is now becoming clear that there isn't all the good grade coffees (arabica) around that had been reported by the producing countries. Brazil, the largest producer, had weather damage to the crop last season and appears to have on hand a limited amount of the first quality beans demanded.

PRICE MOVEMENT AT A GLANCE

	May 6, 1984	April 4, 1985	May 6, 1985
Asparagus, No. 1, loose Jumbo, Calif. (33# carton)	$18-$20	$22-$24	$18-$20
Beef, Choice, 700-900 lb., Midwest (lb.)	$1	$0.89	$0.86
Broccoli, No. 1, Calif. (14s)	$4.50-$5	$6-$7	$3.50
Broilers, Grade A dressed, icepack, NYC (lb.)	$0.5663	$0.4944	$0.5224
Corn, frozen cob, Grade A, N.W. (48/1s)	$8.75-$9	$9.38	$9.98
Eggs, Grade A, large white, Chicago (doz.)	$0.74	$0.62-$0.65	$0.55-$0.58
Hams, canned Polish, 11 lb. (lb.)	$1.68	$1.40-$1.44	$1.54
Lettuce, iceberg, No. 1, Calif. (24s)	$2.75-$3	$3-$3.50	$3-$4
Pork loins, No. 1, 14-17 lb., Midwest (lb.)	$0.91	$0.78	$0.80

Source: *NRN* Research

ADVERTISING & PROMOTIONS

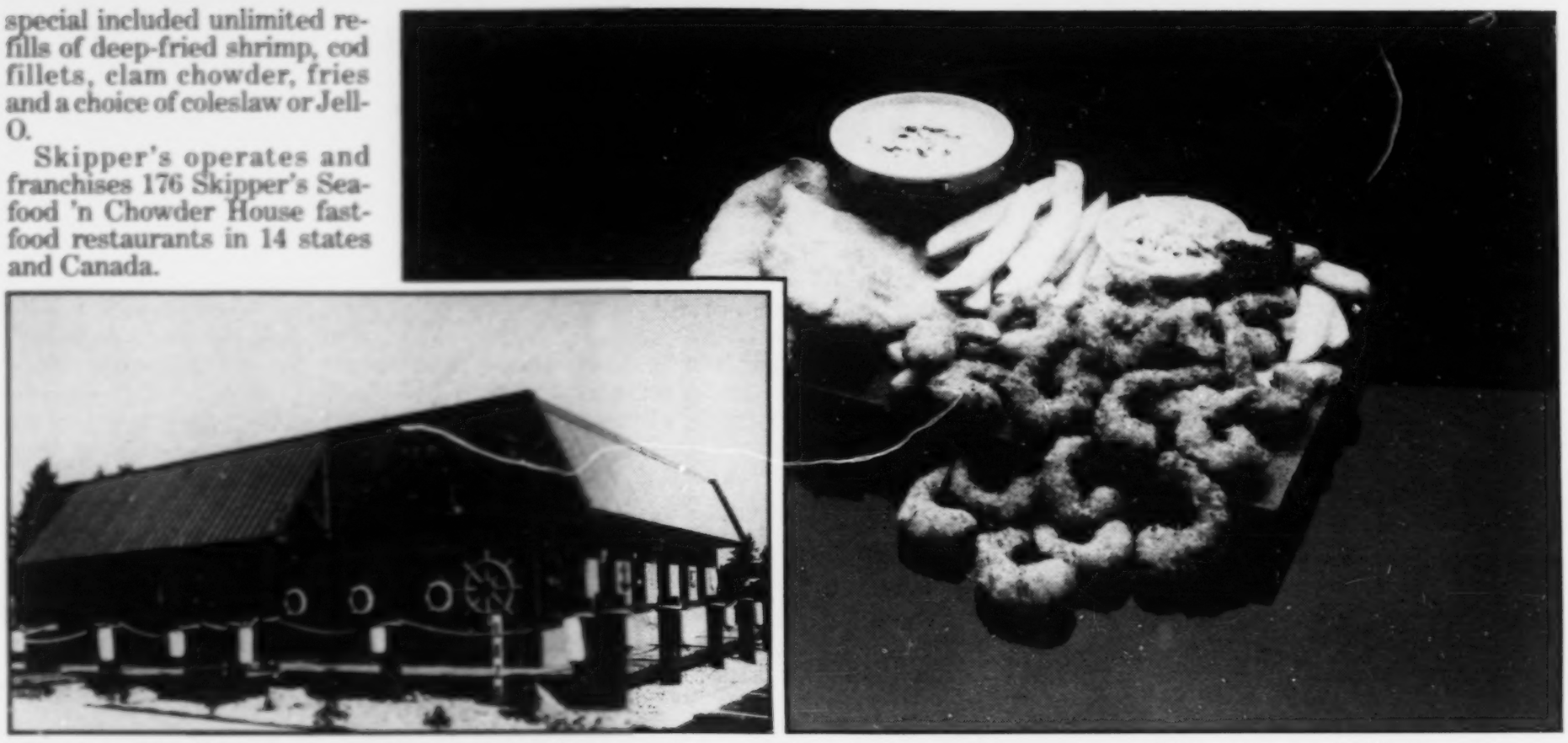
Skipper's all-you-can-eat promo fuels sales

BELLEVUE, Wash. — Real sales jumped 9% over those of the comparable year-earlier period during Skippers systemwide all-you-can-eat shrimp and fish promotion, according to Doug Bamford, marketing vice president.

The six-week $5.99 offer, introduced during Lent, was bolstered by a three-week, 30-second spot television campaign and a two-week, 60-second radio run in major company markets. Bamford said the sales increase is noteworthy because during the comparable 1984 period, the company had performed strongly over the prior year's results.

The recent promotion was a variation of Skipper's top seller—the all-you-can-eat fish special, which is available every day but does not include shrimp. The shrimp and fish special included unlimited refills of deep-fried shrimp, cod fillets, clam chowder, fries and a choice of coleslaw or Jell-O.

Skipper's operates and franchises 176 Skipper's Seafood 'n Chowder House fast-food restaurants in 14 states and Canada.



The six-week all-you-can-eat shrimp and fish promotion pushed real sales up 9% over those of the same period last year.

PROMOTIONS

Values and Life Styles give Madison Ave. new target

By D. M. Levine

Are you a survivor, a sustainer, a belonger or an achiever?

Maybe you are experiential, societally conscious or an emu ator.

Whatever you think you are—one of the above, some of the above—Madison Avenue is ready to gear messages to you based on your lifestyle, rather than traditional demographic patterns in which you may fall.

It is called VALS, an acronym for Values and Life Styles, a typology of the American consumer developed seven years ago by SRI International, a Washington think tank, as a way to reach people based on their traits and characteristics.

Belongers, for example, consider themselves traditional, conventional and sentimental. They are family-oriented, careful with money and patriotic. When they eat out, chances are that you will find them at all-you-can-eat buffets.

In contrast, achievers are prosperous, status-conscious, self-assured, competitive, materialistic and trendy. They like to go to pretheater dinners at white-tablecloth restaurants that provide a limo to the show or a special seating area for confidential chitchat.

VALS has a fan club on Madison Avenue located at Young & Rubicam, which was one of the early subscribers to the theory that in order to reach people, you have to know a lot more than a jumble of demographic statistics.

"It is particularly important that those who create advertisements be able to understand the people in the target audience as complete persons, not just sets of numbers," said Rebecca Holman, Y&R's associate research director.

That view was expressed at a recent seminar at the Culinary Institute of America in Hyde Park, N.Y., sponsored by General Foods, a Y&R client and a member in good standing of the VALS fan club.

VALS, said Donna Roberts of the General Foods publicity staff, is a concept her company's marketing people have been flirting with for some time. So, she said, the time has come to help spread the good word about VALS to clients.

But not all are bullish on VALS. "It's definitely not for mass marketers," said Steven Rann, director of research at Burger King in Miami. "I would guess that it would be good if I were running a restaurant, but it doesn't serve a need for us."

Robert Passikoff, Y&R's vice president for research and an eloquent defender of VALS, contended that it is a valuable tool. "The company that's sensitive to the needs of the consumer will survive the shakeout," he said.

VALS traces its roots to the now-famous hierarchy of needs developed more than 30 years ago by the late Abraham H. Maslow, considered the father of humanist psychology. Simply put, Maslow's view is that as want of a lower order is being satisfied, it becomes less important, with a want of the next highest order becoming more important. In other words, as economic need is being satisfied, people reach for self-fulfillment.

Fine-tuned by Madison Avenue, VALS becomes a road map for the type of people who inhabit society:

- **Survivors:** They are poor, mostly elderly women who live alone and are unhappy. They constitute 4% of the adult population and have a median household income of $3,200.
- **Sustainers:** They are almost like survivors, except that they believe all hope is not lost. At some point, they believe they will beat the odds and break out of poverty. They are 7% of the population and have a median age of 28. Most are married, are white and live in urban areas.
- **Belongers,** as noted above, want to fit in rather than stand out. This is the largest group in VALS, representing about a third of the population. They have median incomes of about $15,800, hold blue-collar jobs, are about 52 years old, live in rural areas and small towns and are slow to change.
- **Emulators:** They are basically unhappy, mostly because they realize that they will not be able to reach the goals they set for themselves. Most are college dropouts, have annual incomes of $17,900, have a median age of about 28, live in cities and lack self-confidence.
- **Achievers,** as noted above, are the builders of the American dream, are very happy with themselves and their achievements and often indulge themselves with luxuries. They have a median income of $32,000 and are generally well educated. Most are married and white and have a median age of 42.
- **I-Am-Me's:** They are mostly children of achievers, going through a rebellious stage in their lives. They are about 25 years old and delight in experimenting with the unconventional.
- **Experientials:** They are grown-up I-Am-Me's (median age is 28), may have obtained a college degree and moved into high-paying jobs (median income: $22,300). They characterize themselves as liberated, experimental and impulsive.
- **Societally Conscious:** Their concern is for the world at large, and they want to improve things. They have a median age of 37, make about $25,000 a year, are mostly married and have a lot of self-confidence.
- **Integrateds:** Madison Avenue cannot tell us much about this group because it does not know if it exists to any significant degree. These people, researchers say, are psychologically mature, have a large field of vision and are extremely tolerant and understanding.

* * *

VALS proponents believe the typology will take on greater significance in the years ahead, particularly as the media become segmented in their ability to reach diverse groups.

For now, companies can use the concept to determine who they are, who they want to reach and how they might reposition themselves in the ongoing battle for a share of the consumer's stomach.

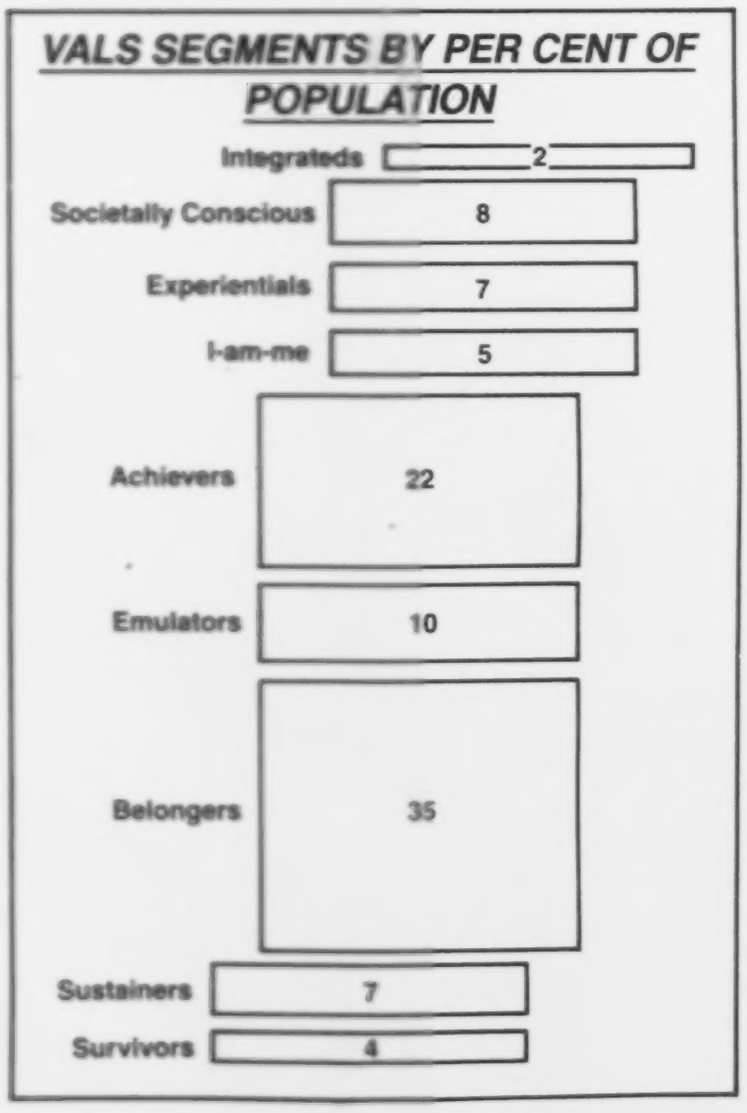
The problem, supporters say, is that corporate research departments need to reorient their thinking because traditional demographics will not provide a needed glimpse into people's lifestyles. Obviously, noted Rebecca Holman of Y&R, there are differences between a $35,000-a-year postal clerk and a $35,000-a-year college professor.

Certainly costs for developing a VALS study are not cheap. For $11,000, SRI provides reports and a 30-item questionnaire companies can use to measure values and lifestyles of their customers.

Is the spending and reorientation worth it?

"Yes," said those who have used VALS.

"If we don't know who our customers are today, we won't be in business tomorrow," said John Stockton, marketing vice president at Roy Rogers.



FINANCIAL NEWS

NRN Index climbs 0.7 to 118.7; gainers top losers

By Don Jeffrey

NEW YORK — After a big 3.5-point plunge in the previous week, the *Nation's Restaurant News* Food-Service Operators Stock Index rose 0.7 points in the week ended May 10, closing at 118.7.

Advancing issues on the full, 111-stock listing, which includes lodging and diversified companies, outnumbered declining issues, 52 to 33, with 26 unchanged.

Those gains reflected positive activity in the overall stock market, as the Dow Jones Industrial Average went up 26.94 points in the week, to close at 1,274.18. Investors were said to be encouraged by the possibility of reduced Federal deficits, which would lower interest rates.

Garcia's of Scottsdale was the leading percentage price gainer in the week, up 88¢, to close at $2.88. It reported a first-quarter net profit of $409,000, compared with a $203,000 loss in the same period last year.

Sonesta International, which reported a $2.8 million net loss in the first quarter, had the biggest weekly decline in trading volume, compared with the previous 12-week average. Just 100 shares changed hands.

VOLUME TREND LEADERS

Company Name	Volume Trend Change %	Company Name	Volume Trend Change %
Cracker Barrel M	282.1	Sizzler Rest Intl M	145.7
Hamborg Hamlet O	240.0	Brock Hotel Cp N	120.0
Natl Pizza M	221.7	Jerrico Inc M	114.3
Garcias Scot M	185.7	Consul Restaurant M	69.9
Ryans Fam Steak M	152.4	Frisch's A	66.7

TOP TEN GAINERS

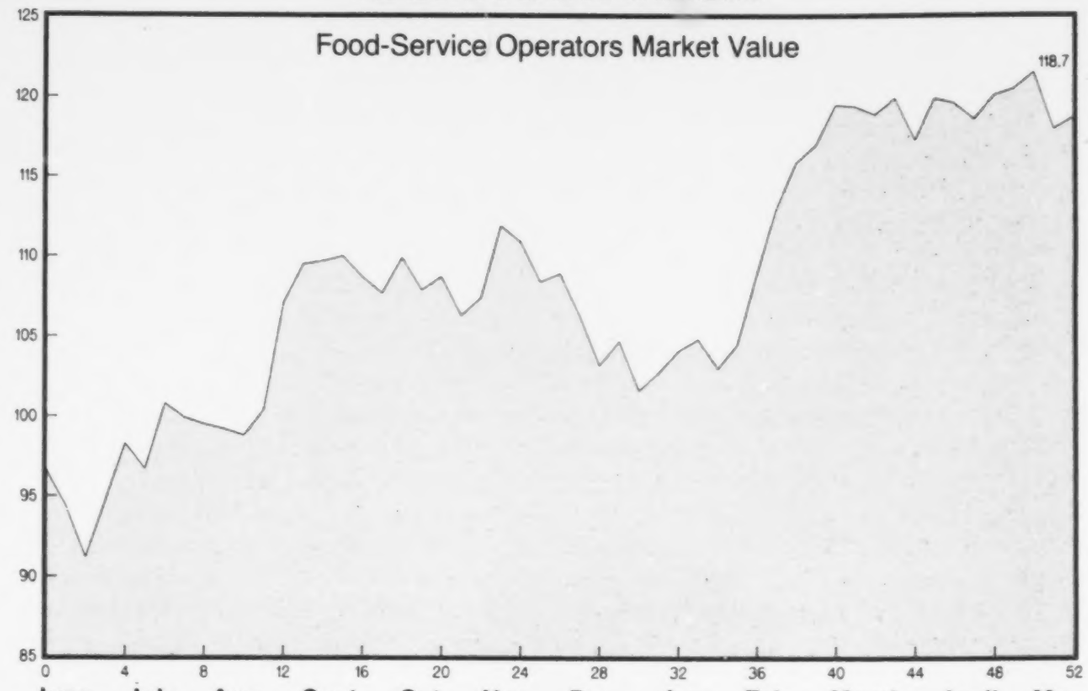
Company Name	Weekly Price Change %	Company Name	Weekly Price Change %
Garcias Scot M	43.8	Calibre Cp M	14.3
Kelly-Johnston M	42.9	Vicorp Restaurants M	11.7
Fuddruckers Inc M	23.2	Good Taco M	9.1
Naugles Inc M	17.9	Frisch's A	8.6
Sizzler Rest Intl M	15.9	Prime Mtr Inn N	8.5

TOP TEN LOSERS

Company Name	Weekly Price Change %	Company Name	Weekly Price Change %
Stuff Yer Face O	- 31.3	Esteban Foods O	- 6.3
Primo Inc O	- 10.0	Assoc Hosts M	- 5.9
RAX Restaurants M	- 8.1	McFaddin Ventures O	- 5.7
Maverick Rest O	- 7.4	Lifestyle Rest A	- 5.6
Victoria Stations M	- 7.4	Consul Restaurant M	- 5.3

Company and Market	Stock Market: Price: 5-10-85 Close	Weekly Change: Amt.	Weekly Change: Pct.	Weekly Range: High	Weekly Range: Low	52-Week Range: High	52-Week Range: Low	Volume: Weekly Shares Traded	Volume: % Out	Volume: 12-Week Avg. Vol. As % Out	Volume Trend Change %	P/E Ratio	Indicated Dividend Rate: Amt.	Indicated Dividend Rate: Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended	Latest Quarter: Revenue: Amt.	Latest Quarter: Revenue: Chg.	Latest Quarter: Net Income: Amt.	Latest Quarter: Net Income: Chg.	Latest Quarter: E.P.S.: Amt.	Latest Quarter: E.P.S.: Chg.	Year-to-Date: Revenue: Amt.	Year-to-Date: Revenue: Chg.	Year-to-Date: Net Income: Amt.	Year-to-Date: Net Income: Chg.	Year-to-Date: E.P.S.: Amt.	Year-to-Date: E.P.S.: Chg.
	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	(mil)	%	(mil)	%	$	%	(mil)	%	(mil)	%	$	%
Food-Service Operators																													
A&M Food Svcs M	5.75	.00	.0	5.75	5.50	7.13	3.50	75	.21	1.21	- 82.6	17.4	.00	.0		3 mos.	03-85	7.9	23.4	.3	.0	.08	14.3	7.9	23.4	.3	.0	.08	14.3
Acapulco Rests M	4.75	.00	.0	4.75	4.63	5.38	3.50	105	.42	.86	- 51.2	16.4	.00	.0	—	3 mos.	01-85	9.5	13.1	(.1)	NE	(.03)	NE	9.5	13.1	(.1)	NE	(.03)	NE
Am Restaurants O	4.25	.25	6.3	4.50	4.25	6.00	2.38	116	.50	.36	38.9	32.7	.00	.0	—	fiscal	01-85	4.5	4.7	.0	- 100.0	.01	- 85.7	18.1	19.9	.3	- 25.0	.13	- 51.9
Assoc Hosts M	11.88	- .75	- 5.9	12.38	11.38	17.13	10.88	1,137	2.57	2.34	9.8	14.3	.12	1.0	—	3 mos.	12-84	22.5	- 1.3	.7	- 12.5	.16	- 11.1	22.5	- 1.3	.7	- 12.5	.16	- 11.1
Benihana Natl M	18.50	.25	1.4	18.63	16.00	21.75	10.25	1,696	5.83	3.61	61.5	20.1	.00	.0	—	9 mos.	12-84	15.4	220.8	.7	133.3	.23	91.7	39.7	245.2	1.8	157.1	.62	138.5
Bob Evans Farms M	21.00	.25	1.2	21.25	20.50	21.00	14.75	1,056	.65	1.07	- 39.3	19.4	.30	1.4	—	9 mos.	01-85	58.9	14.6	4.7	20.5	.29	20.8	171.0	13.8	13.7	12.3	.84	13.5
Calibre Cp M	1.00	.13	14.3	1.25	0.88	5.25	.63	85	.28	.28	.0	NE	.00	.0	—	6 mos.	01-85	3.6	2.9	(1.1)	NE	(.38)	NE	7.1	6.0	(1.8)	NE	(.60)	NE
Cainy Food M	12.75	.25	2.0	12.75	12.38	13.25	7.25	881	1.95	2.18	- 10.6	18.8	.16	1.3		fiscal	02-85	15.7	18.0	.8	60.0	.18	63.6	54.3	24.5	3.1	47.6	.68	30.8
Capt Crab M	2.13	.00	.0	2.19	1.81	4.88	1.38	3,492	2.28	2.24	1.8	NE	.00	.0	—	3 mos.	11-84	1.6	166.7	(.5)	NC	(.04)	NC	1.6	166.7	(.5)	NC	(.04)	NC
Carrols Cp N	9.88	.25	2.6	10.00	9.38	11.50	7.88	331	.43	.61	- 29.5	13.3	.07	.7	—	9 mos.	02-85	34.6	19.3	.9	80.0	.12	50.0	109.2	20.7	4.8	41.2	.62	10.7
Chi-Chi's M	10.13	.25	2.5	10.13	9.38	18.25	9.38	6,208	2.30	2.69	- 14.5	16.1	.00	.0	—	9 mos.	01-85	51.7	16.2	2.6	- 40.9	.10	- 28.6	149.2	27.3	12.1	- 2.4	.45	- 6.3
Chili's Inc M	27.38	.50	1.9	27.38	26.50	28.88	12.75	1,419	3.05	2.75	10.9	35.6	.00	.0	—	9 mos.	03-85	17.3	66.3	.8	100.0	.17	112.5	48.3	57.3	2.7	125.0	.58	87.1
Churchs Fr Ch N	18.38	1.13	6.5	18.38	16.75	19.25	11.38	4,023	1.07	1.37	- 21.9	15.8	.44	2.4	—	3 mos.	03-85	116.3	11.4	7.9	17.9	.21	16.7	116.3	11.4	7.9	17.9	.21	16.7
Collins Foods N	21.50	1.63	8.2	21.50	19.75	23.00	10.84	1,026	.78	.91	- 14.3	16.3	.16	.7	—	9 mos.	01-85	114.7	17.2	4.0	14.3	.30	15.4	344.6	19.2	13.9	17.8	1.05	15.4
Concept Dev O	12.63	.00	.0	12.88	12.63	16.50	5.75	924	1.79	1.57	14.0	16.4	.00a	.0	—	6 mos.	12-84	10.3	8.4	1.0	.0	.21	23.5	20.9	12.4	2.0	5.3	.42	23.5
Consol Prdts M	4.63	- .13	- 2.6	4.75	4.63	6.13	4.63	45	.13	.28	- 53.6	13.2	.08	1.7	—	3 mos.	12-84	15.2	- 1.9	.3	- 25.0	.10	.0	15.2	- 1.9	.3	- 25.0	.10	.0
Consul Restaurant M	4.50	- .25	- 5.3	4.75	4.13	13.50	4.13	1,208	2.65	1.56	69.9	NE	.00	.0	—	9 mos.	02-85	21.0	32.1	(3.3)	- 100.0	(.72)	- 100.0	63.0	32.6	(3.7)	- 100.0	(.82)	- 100.0
Cracker Barrel M	12.75	- .25	- 1.9	13.00	12.00	23.50	11.75	1,975	5.54	1.45	282.1	15.4	.14	1.1	—	6 mos.	01-85	14.2	19.3	(.2)	- 100.0	(.07)	- 100.0	30.8	18.9	.6	- 33.3	.19	- 44.1
Cucos Inc O	5.00	- .25	- 4.8	5.50	4.75	5.75	2.75	41	.24	.47	- 48.9	38.5	.00	.0	—	6 mos.	12-84	1.5	87.5	.1	NC	.04	.0	3.2	113.3	.1	.0	.07	.0
Diversifoods M	10.63	.13	1.2	10.88	10.00	15.63	8.00	24,302	7.21	7.35	- 1.9	25.9	.34	3.2	—	3 mos.	03-85	128.2	2.0	1.3	- 76.8	.04	- 76.5	128.2	2.0	1.3	- 76.8	.04	- 76.5
DiLites Of Amer M	12.75	- .13	- 1.0	12.75	11.63	15.50	10.88	1,988	3.94	2.87	37.3	NM	.00	.0	—	9 mos.	12-84	2.8	86.7	.2	100.0	.04	33.3	7.5	70.5	.3	50.0	.09	28.6
Dunkin Donuts M	20.25	.75	3.8	20.25	19.38	20.38	13.00	631	.89	2.23	- 60.1	15.6	.24	1.2	—	3 mos.	01-85	140.7	589.7	2.6	13.0	.36	16.1	140.7	589.7	2.6	13.0	.36	16.1
El Chico M	10.13	.25	2.5	10.13	9.88	10.88	7.25	473	1.02	1.63	- 37.4	13.0	.00	.0	—	9 mos.	02-85	20.6	6.7	.9	.0	.19	- 5.0	61.8	7.1	2.7	.0	.58	- 3.3
El Torito Rest N	15.13	.63	4.3	15.38	14.38	15.38	9.63	378	.34	.57	- 40.4	14.8	.00	.0	—	3 mos.	03-85	65.4	11.8	2.2	37.5	.19	35.7	65.4	11.8	2.2	37.5	.19	35.7
Fast Food Oper O	.63	.00	.0	0.75	0.63	1.63	.63	87	.15	.47	- 68.1	20.8	.00	.0		fiscal	12-84	2.0	25.0	.0	- 100.0	.00	- 100.0	8.0	31.1	.2	- 33.3	.03	- 50.0
Fakey Jakes M	6.88	.00	.0	7.00	6.75	9.13	5.13	748	1.07	2.36	- 54.7	NE	.00	.0	—	fiscal	12-84	6.0	445.5	(.5)	NE	(.07)	NE	12.6	384.6	(1.2)	NE	(.18)	NE
Folks Rest O	2.50	.00	.0	3.50	2.50	7.38	2.50	22	.15	.20	- 25.0	NE	.00	.0	—	fiscal	12-84	1.2	100.0	(.1)	NC	(.06)	NC	5.0	100.0	(.4)	NC	(.26)	- 100.0
Fresher Cooker O	2.00	.13	6.7	2.25	1.88	6.75	1.50	30	.13	.73	- 82.2	NE	.00	.0	—	fiscal	12-84	.9	50.0	(3.3)	NE	(.52)	NE	3.6	50.0	(2.2)	NE	(1.08)	NE
Frisch's A	22.13	1.75	8.6	22.13	20.38	22.13	12.50	152	.35	.21	66.7	18.8	.22	1.0	—	9 mos.	02-85	27.2	3.0	.4	33.3	.10	25.0	96.8	5.7	3.3	10.0	.76	10.1
Fuddruckers Inc M	8.63	1.63	23.2	8.75	7.00	15.13	6.38	4,514	6.94	4.83	43.7	NM	.00	.0	—	3 mos.	03-85	10.1	146.3	.1	NE	.02	NE	10.1	146.3	.1	NE	.02	NE
Garcias Scot M	2.88	.88	43.8	2.94	1.94	6.38	1.63	2,876	4.80	1.68	185.7	NE	.00	.0	—	9 mos.	09-84	12.3	30.8	(.5)	NE	(.08)	NE	42.0	51.6	(.5)	NE	(.08)	NE
Good Taco M	.75	.06	9.1	0.81	0.69	3.38	.25	799	2.69	2.60	3.5	NE	.00	.0	—	9 mos.	11-84	.2	100.0	(.5)	NE	(.20)	NE	1.0	150.0	(1.1)	NE	(.44)	NE
Hamborg Hamlet O	14.50	.25	1.8	15.25	14.25	14.50	9.75	37	.51	.15	240.0	7.8	.00	.0	—	9 mos.	12-84	9.4	6.8	.3	.0	.39	- 11.4	28.7	9.5	1.1	83.3	1.56	81.4
Hungry Tiger M	5.13	- .13	- 2.4	5.38	5.13	7.00	3.63	225	.78	1.98	- 60.6	27.0	.00	.0	—	3 mos.	11-84	14.4	- 4.6	(.1)	NE	(.04)	NE	14.4	- 4.6	(.1)	NE	(.04)	NE
Intl Dairy Queen O	49.50	.50	1.0	52.00	49.00	50.50	38.00	6	.03	.21	- 85.7	13.6	.00	.0	—	3 mos.	02-85	27.2	- 2.2	.8	14.3	.38	18.8	27.2	- 2.2	.8	14.3	.38	18.8
Intl King Tab M	19.25	1.00	5.5	19.50	18.50	24.75	13.41	256	.90	3.65	- 75.3	14.4	.00a	.0	—	6 mos.	12-84	18.2	4.0	.7	- 12.5	.27	3.8	37.4	5.4	1.8	12.5	.63	12.5
JB's Rest M	14.75	.25	1.7	15.00	14.25	15.50	7.34	275	.79	3.74	- 78.9	18.4	.16	1.1	—	6 mos.	03-85	18.0	35.3	.3	.0	.07	- 22.2	36.7	38.5	.9	.0	.24	- 4.0
Jerrico Inc M	20.25	1.25	6.6	20.38	18.88	20.25	13.50	13,763	8.72	4.07	114.3	14.7	.12	.6	—	6 mos.	12-84	123.4	9.4	4.1	32.3	.26	30.0	255.3	8.5	10.4	15.6	.66	15.8
Kapok Cp A	2.75	.00	.0	2.88	2.50	3.88	1.13	114	.51	1.02	- 50.0	4.3	.00	.0	—	3 mos.	12-84	5.2	15.6	3.9	NE	1.67	NE	5.2	15.6	3.9	NE	1.67	NE
Karcher Carl M	16.63	.63	3.9	16.63	15.88	29.63	13.50	617	.87	1.59	- 45.3	10.0	.00	.0	—	6 mos.	07-84	80.7	17.1	3.3	- 2.9	.52	8.3	178.8	19.5	6.9	3.0	1.00	5.3
Kelly-Johnston M	.63	.19	42.9	0.75	0.44	5.50	.25	4,066	4.77	3.15	51.4	NE	.00	.0		6 mos.	09-84	32.0	60.0	(9.8)	- 100.0	.44	193.3	60.3	93.9	(13.5)	- 100.0	.00	- 100.0
Lifestyle Rest A	2.13	- .13	- 5.6	2.25	2.13	3.75	1.75	407	.72	.59	22.0	NE	.00	.0	—	3 mos.	01-85	17.1	- 10.9	(2.5)	NE	(.44)	NE	17.1	- 10.9	(2.5)	NE	(.44)	NE
Luby's Cafe N	28.00	.13	.4	28.00	27.25	32.00	23.63	521	.43	.49	- 12.2	18.4	.54	1.9	—	6 mos.	02-85	45.2	15.0	4.0	11.1	.33	10.0	92.0	19.3	8.3	15.3	.69	15.0
Marcus Corp M	16.25	.00	.0	16.50	16.13	17.13	11.88	43	.08	.31	- 74.2	10.6	.28	1.7	—	9 mos.	02-85	27.2	5.8	.8	100.0	.16	77.8	90.9	4.2	5.6	9.8	1.10	10.0
Marriott Corp N	84.88	2.38	2.9	85.50	82.50	87.75	60.00	1,311	.51	.61	- 16.4	16.4	.54	.6	—	fiscal	12-84	1122.2	18.3	43.8	41.3	1.64	47.7	3524.9	16.1	139.8	21.4	5.18	24.8
Maverick Rest O	3.13	- .25	- 7.4	3.38	3.00	6.25	2.25	237	.48	.36	33.3	39.1	.00	.0	—	fiscal	01-85	2.8	62.5	(.2)	- 100.0	(.05)	- 100.0	10.9	73.0	.4	- 33.3	.08	- 38.5
Max Erma's O	3.25	.00	.0	3.63	3.25	5.50	2.50	95	.53	.53	.0	NE	.00	.0	—	fiscal	10-84	4.4	4.8	(.2)	NE	(.21)	NE	17.6	10.7	(.8)	NE	(.42)	NE
McDonald's Cp N	62.63	2.50	4.2	63.00	59.88	63.38	40.84	10,141	1.18	.98	20.4	14.3	.82	1.3	—	fiscal	12-84	1019.7	31.5	91.2	14.1	1.02	12.1	3414.8	13.8	389.1	13.6	4.39	14.6
McFaddin Ventures O	10.38	- .63	- 5.7	10.75	10.38	12.25	9.63	36	.07	.45	- 84.4	15.3	.00	.0	—	3 mos.	02-85	13.2	25.7	1.2	50.0	.25	47.1	13.2	25.7	1.2	50.0	.25	47.1
Morrison Inc M	20.00	.50	2.6	20.13	19.38	20.00	13.25	1,403	1.06	1.57	- 32.5	13.3	.48	2.4	—	9 mos.	02-85	120.2	6.7	4.5	.0	.32	.0	358.3	6.5	14.4	.7	1.05	2.9
Mr Steak O	2.50	- .13	- 4.8	2.63	2.50	3.13	1.13	559	1.17	1.07	9.3	NE	.00	.0	—	3 mos.	12-84	13.9	- 9.2	.1	NC	.02	100.0	13.9	- 9.2	.1	NC	.02	100.0
Nankin Express O	1.00	.00	.0	1.13	0.88	2.50	.88	198	.88	.84	4.8	NE	.00	.0	—	fiscal	01-85	.3	200.0	(.3)	NE	(.15)	NE	1.0	66.7	(.9)	NE	(.40)	NE
Nathans O	3.75	- .13	- 3.2	3.88	3.75	4.50	1.78	88	.39	.96	- 59.4	15.0	.00a	.0	—	9 mos.	12-84	5.0	11.1	.1	.0	.03	- 57.1	17.2	8.2	.9	28.6	.39	18.2
Natl Pizza M	8.75	- .25	- 2.8	8.75	8.38	9.75	7.50	412	.74	.23	221.7	9.7	.00	.0	—	9 mos.	12-84	9.9	73.7	.8	300.0	.15	1400.0	30.4	25.6	2.8	16.7	.56	24.4
Naugles Inc M	5.75	.88	17.9	5.75	4.88	10.13	4.63	2,199	4.93	4.96	- .6	NE	.00	.0	—	6 mos.	12-84	27.6	- 3.5	(.1)	- 100.0	(.04)	- 100.0	65.9	4.4	.3	- 84.2	.06	- 85.4
Noble Roman O	16.75	.00	.0	17.25	16.75	17.00	11.75	51	.84	.79	6.3	27.0	.00	.0	—	fiscal	12-84	4.4	51.7	.0	- 100.0	.06	- 80.0	17.8	53.4	.1	- 66.7	.24	- 61.3
1 Potato 2 O	1.88	.13	7.1	2.25	1.75	12.25	1.25	82	.37	.81	- 54.3	37.5	.00	.0	—	9 mos.	11-84	3.9	NC	(.5)	NC	(.25)	NC	11.0	NC	(1.5)	NC	(.69)	NC
Old Fashion Fd M	5.00	.00	.0	5.00	4.50	6.25	4.00	15	.11	.35	- 68.6	10.6	.00	.0	—	9 mos.	02-85	3.5	20.7	.2	.0	.10	- 28.6	10.3	30.4	.5	- 16.7	.34	- 22.7
Pancho Max Buffet M	7.25	- .13	- 1.7	7.50	7.13	8.25	6.00	893	2.40	6.88	- 65.1	13.2	.13	1.8		6 mos.	03-85	8.5	11.8	.4	.0	.11	- 8.3	16.4	13.1	.6	.0	.20	.0
Peoples Rest M	.31	.00	.0	0.31	0.25	2.88	.25	964	1.12	2.36	- 52.5	NE	.00	.0	—	6 mos.	12-84	5.5	- 69.6	(17.1)	NE	(1.97)	NE	13.8	- 54.0	(20.4)	- 100.0	(2.36)	- 100.0
Piccadilly Caf M	22.25	1.50	7.2	22.25	20.88	24.25	16.50	309	.51	1.54	- 66.9	14.1	.60	2.7	—	9 mos.	03-85	44.0	2.6	1.3	- 40.9	.21	- 41.7	138.8	8.1	7.0	18.6	1.16	18.4

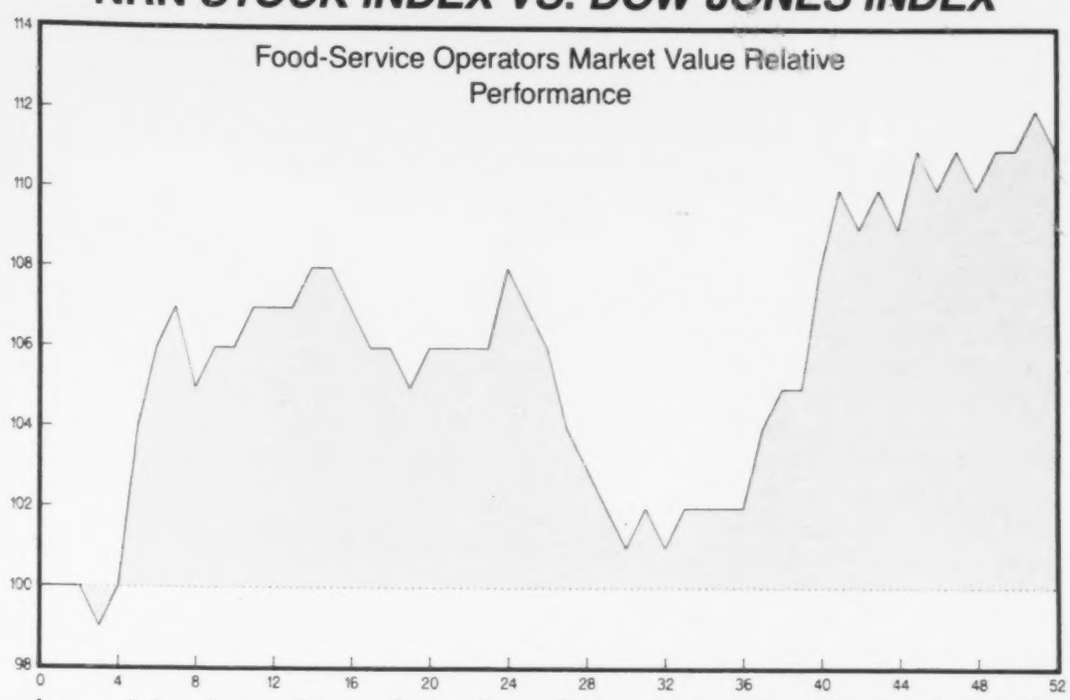
NRN *STOCK INDEX*



Source: Media General Financial Services

Oct. 28, 1983 = 100

NRN *STOCK INDEX VS. DOW JONES INDEX*



Company and Market	5-10-85 Close	Weekly Change Amt.	Weekly Change Pct.	Weekly Range High	Weekly Range Low	52-Week Range High	52-Week Range Low	Volume Weekly Shares Traded Total	Volume Weekly Shares Traded % Out	Volume 12-Week Avg. Vol. As % Out	Volume Trend Change	P/E Ratio	Indicated Divd. Rate Amt.	Indicated Divd. Rate Yld.	Latest Report New Report	Latest Report Period	Latest Report Date Ended	Latest Quarter Revenue Amt.	Latest Quarter Revenue Chg.	Latest Quarter Net Income Amt.	Latest Quarter Net Income Chg.	Latest Quarter E.P.S. Amt.	Latest Quarter E.P.S. Chg.	Year-to-Date Revenue Amt.	Year-to-Date Revenue Chg.	Year-to-Date Net Income Amt.	Year-to-Date Net Income Chg.	Year-to-Date E.P.S. Amt.	Year-to-Date E.P.S. Chg.
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Pizza Inn .....A	8.50	.13	1.5	8.50	8.13	12.75	6.88	158	.52	.88	- 40.9	16.3	.08	.9		fiscal	12-84	46.3	23.5	(.9)	- 100.0	(.29)	- 100.0	181.9	22.2	1.6	- 55.6	.52	- 54.8
Po-Folks .....M	10.50	.00	.0	10.75	10.38	16.63	8.75	312	.71	.71	.0	15.0	.00	.0	.....	6 mos.	03-85	30.2	30.2	.2	.0	.03	- 40.0	60.5	30.1	.8	- 20.0	.18	- 21.7
Ponderosa Sys .....N	11.50	- .38	- 3.2	11.88	11.25	21.63	11.25	511	.53	2.18	- 75.7	6.7	.40	3.5	.....	9 mos.	11-84	122.8	33.8	2.3	109.1	.22	69.2	366.8	32.0	11.5	32.2	1.28	18.5
Primo Inc .....O	2.25	- .25	- 10.0	2.50	2.25	4.63	2.25	262	.78	.65	20.0	NE	.00	.0	.....	fiscal	09-84	.9	.0	(.2)	- 100.0	(.07)	- 100.0	3.8	46.2	(.2)	- 100.0	(.08)	- 100.0
RAX Restaurants .....M	8.50	- .75	- 8.1	9.00	8.50	16.38	8.00	345	.51	.70	- 27.1	20.7	.00	.0	.....	6 mos.	01-85	24.9	18.0	(.6)	- 100.0	(.08)	- 100.0	54.2	22.6	.3	- 85.0	.05	- 84.4
Rest Assoc .....A	7.75	.00	.0	8.00	7.50	8.88	5.38	84	.30	.62	- 51.6	14.1	.00	.0	.....	fiscal	12-84	57.3	61.0	.5	- 44.4	.20	- 47.4	155.1	9.9	1.5	- 31.8	.55	- 37.5
Restaurant Sys .....M	14.00	.13	.9	14.00	13.50	16.50	9.00	176	.76	1.19	- 36.1	15.7	.00	.0	.....	fiscal	12-84	8.0	6.7	.5	25.0	.21	23.5	34.7	17.2	2.1	50.0	.89	23.6
Ritzys G D .....M	2.75	- .13	- 4.3	2.88	2.75	7.25	1.75	286	.55	.81	- 32.1	NE	.00	.0	.....	fiscal	12-84	3.3	37.5	(2.7)	NC	(.52)	- 100.0	13.9	63.5	(4.3)	NE	(.83)	NE
Rusty Pelican .....M	16.13	- .13	- .8	16.25	16.00	18.25	11.00	154	.55	.86	- 36.0	21.8	.00	.0		9 mos.	04-85	13.0	39.8	.6	20.0	.24	- 4.0	34.5	40.2	1.1	.0	.42	- 20.8
Ryans Fam Steak .....M	18.00	1.00	5.9	18.00	16.63	18.00	11.25	2,570	3.71	1.47	152.4	32.7	.00	.0	.....	3 mos.	03-85	10.5	56.7	1.1	37.5	.16	33.3	10.5	56.7	1.1	37.5	.16	33.3
Saga Corp .....N	26.50	- .50	- 1.9	27.00	24.50	35.50	24.50	1,603	1.22	1.17	4.3	10.6	.52	2.0	.....	9 mos.	03-85	327.3	15.2	7.6	- 7.3	.57	- 8.1	930.0	12.7	27.0	9.8	2.02	5.2
Sandwich Chef .....M	7.00	.00	.0	7.00	7.00	9.00	6.75	20	.16	.69	- 76.8	12.3	.00	.0	.....	9 mos.	03-85	7.2	9.1	.2	.0	.13	- 23.5	21.2	12.2	.5	.0	.40	5.3
Sea Galley .....M	9.00	.00	.0	9.25	8.88	11.00	6.50	1,037	2.84	5.32	- 46.6	4.2	.00	.0		3 mos.	03-85	14.6	- 8.8	2.0	42.9	.57	58.3	14.6	- 8.8	2.0	42.9	.57	58.3
Shoney's Inc .....M	30.25	.38	1.3	30.25	28.25	30.75	16.22	2,123	.75	1.21	- 38.0	26.5	.15	.5	.....	3 mos.	01-85	150.0	15.8	8.3	27.7	.29	20.8	150.0	15.8	8.3	27.7	.29	20.8
Shoney's South .....M	13.88	- .13	- .9	14.13	13.88	16.59	11.41	141	.25	1.01	- 75.2	11.1	.00	.0		fiscal	12-84	40.9	23.9	1.5	50.0	.25	38.9	167.1	18.0	7.3	49.0	1.25	22.5
SIS Cp .....M	4.50	- .13	- 2.7	4.50	4.00	7.25	3.25	19	.12	.43	- 72.1	NE	.00	.0	.....	fiscal	12-84	2.3	53.3	(.1)	NC	(.10)	- 100.0	7.9	75.6	(.2)	- 100.0	(.15)	- 100.0
Sizzler Rest Intl .....M	23.75	3.25	15.9	24.00	20.25	23.75	11.50	1,595	2.31	.94	145.7	17.1	.00	.0	.....	9 mos.	01-85	37.8	12.8	2.0	33.3	.29	26.1	116.9	11.5	7.0	27.3	1.03	27.2
Skippers .....M	10.00	- .13	- 1.2	10.38	10.00	12.50	8.00	452	1.66	1.80	- 7.8	11.1	.06	.6		3 mos.	03-85	15.4	14.9	.5	.0	.17	- 15.0	15.4	14.9	.5	.0	.17	- 15.0
So Hospitality .....M	5.25	.00	.0	5.50	5.00	5.88	3.75	500	1.00	2.43	- 58.8	15.0	.00	.0	.....	9 mos.	02-85	8.3	- 6.7	.2	.0	.04	.0	29.3	14.5	1.0	25.0	.20	11.1
Stuff Yer Face .....O	.69	- .31	- 31.3	1.00	0.59	1.44	.59	1,908	1.26	.84	50.0	68.8	.00	.0	.....	fiscal	12-84	.5	.0	(.4)	NC	(.03)	NC	1.5	7.1	(.6)	- 100.0	(.04)	- 100.0
Swensens Inc .....O	2.13	.00	.0	2.38	2.13	3.63	1.88	24	.07	.63	- 88.9	NE	.00	.0	.....	3 mos.	03-85	2.7	12.5	(.3)	NC	(.05)	NC	2.7	12.5	(.3)	NC	(.05)	NC
Taco Villa .....O	6.25	.00	.0	6.75	6.25	7.75	4.75	51	.13	.31	- 58.1	20.8	.00	.0	.....	fiscal	12-84	7.1	10.9	.3	.0	.07	- 12.5	28.6	12.2	1.2	9.1	.30	- 3.2
Taco Viva .....M	6.38	- .13	- 1.9	6.63	6.25	7.50	4.66	566	1.65	1.08	52.8	18.8	.00	.0	.....	9 mos.	02-85	5.5	- 6.8	.3	- 25.0	.10	- 9.1	17.7	8.6	.9	12.5	.27	12.5
TGI Friday's .....N	11.00	.00	.0	11.25	10.88	13.13	7.88	174	.15	.54	- 72.2	16.4	.00	.0	.....	3 mos.	03-85	76.3	16.8	3.4	9.7	.19	11.8	76.3	16.8	3.4	9.7	.19	11.8
TGIF Texas .....O	2.25	.00	.0	2.75	2.25	3.75	2.25	9	.06	.11	- 45.5	NE	.00	.0	.....	fiscal	12-84	3.2	33.3	(.2)	NC	(.12)	- 100.0	11.5	27.8	(.5)	NC	(.32)	- 100.0
Transworld .....N	34.75	2.13	6.5	34.75	32.38	37.63	24.50	6,597	2.02	2.04	- 1.0	11.1	.48	1.4	.....	fiscal	12-84	522.9	3.0	29.5	NE	.75	- 62.1	2002.0	6.0	115.0	NE	3.14	NE
USACafes .....M	4.88	.00	.0	4.88	4.63	5.75	2.75	1,021	1.62	3.37	- 51.9	12.2	.28	5.7	.....	3 mos.	12-84	4.6	43.8	.4	33.3	.07	40.0	4.6	43.8	.4	33.3	.07	40.0
Vicorp Restaurants .....M	27.38	2.88	11.7	27.63	24.50	27.38	13.25	1,926	2.89	4.12	- 29.9	20.6	.12	.4	.....	3 mos.	01-85	106.7	216.6	1.4	27.3	.17	6.3	106.7	216.6	1.4	27.3	.17	6.3
Victoria Stations .....M	3.13	- .25	- 7.4	3.38	3.13	7.38	2.13	641	1.81	2.57	- 29.6	NE	.00	.0	.....	9 mos.	12-84	27.6	- 8.0	(1.2)	NE	(.35)	NE	73.5	- 5.3	(3.7)	NE	(1.05)	NE
Wendys Intl .....N	16.50	.38	2.3	16.50	15.63	17.75	10.78	12,915	1.76	1.66	6.0	17.2	.21	1.3	.....	3 mos.	03-85	236.5	15.1	14.5	11.5	.20	11.1	236.5	15.1	14.5	11.5	.20	11.1
Wstn Steer .....M	9.00	.00	.0	10.25	9.00	12.00	9.00	64	.53	.41	29.3	15.8	.20	2.2	.....	9 mos.	11-84	11.2	24.4	.1	- 80.0	.05	- 87.5	31.0	25.5	.5	- 44.4	.38	- 54.2
Winners Cp .....N	7.25	- .13	- 1.7	7.38	7.00	13.38	5.13	261	.58	1.74	- 66.7	51.8	.00	.0		3 mos.	03-85	24.0	- 1.2	(.6)	- 100.0	(.16)	- 100.0	24.0	- 1.2	(.6)	- 100.0	(.16)	- 100.0
Hotels, Motels, and Casinos																													
Brock Hotel Cp .....N	2.25	- .13	- 5.3	2.50	1.88	5.63	1.88	2,323	1.76	.80	120.0	NE	.10	4.4	.....	3 mos.	03-85	66.8	- 8.6	13.9	2680.0	.98	2350.0	66.8	- 8.6	13.9	2680.0	.98	2350.0
Hilton Hotels .....N	64.50	- .63	- 1.0	65.50	62.50	73.50	45.50	6,169	2.49	2.67	- 6.7	14.1	1.80	2.8	.....	3 mos.	03-85	168.2	2.6	23.5	23.0	.94	32.4	168.2	2.6	23.5	23.0	.94	32.4
Holiday Inns .....N	53.00	.00	.0	53.88	52.75	54.88	35.25	4,920	1.72	2.32	- 25.9	13.3	1.00	1.9		3 mos.	03-85	427.2	6.4	33.7	29.6	1.08	56.5	427.2	6.4	33.7	29.6	1.08	56.5
Prime Mtr Inn .....N	28.63	2.25	8.5	28.88	25.75	28.88	13.50	2,303	1.19	.93	28.0	25.3	.09	.3		9 mos.	03-85	61.9	245.8	6.0	46.3	.31	47.6	177.6	252.4	17.3	36.2	.89	34.8
Ramada Inns .....N	7.25	- .13	- 1.7	7.63	7.13	8.25	5.13	3,900	1.05	1.89	- 44.4	55.8	.00	.0	.....	fiscal	12-84	151.7	13.0	(2.1)	- 100.0	(.05)	- 100.0	598.1	4.6	4.7	11.9	.13	.0
Servico Inc .....M	20.00	.13	.6	20.75	19.75	22.28	13.63	110	.32	.37	- 13.5	11.1	.00a	.0	.....	fiscal	12-84	42.8	8.4	.1	- 90.9	.00	- 100.0	181.9	20.5	6.3	70.3	1.80	66.7
Sonesta Intl .....M	24.50	- .13	- .5	24.50	24.00	27.00	18.00	1	.01	.10	- 90.0	7.2	.40	1.6	.....	fiscal	12-84	17.7	- 1.1	5.9	NE	3.83	NE	74.9	2.0	5.3	211.8	3.42	235.3
Other Companies with Food-Service Operations																													
Allegheny Bev .....M	19.13	.75	4.1	19.88	18.25	22.63	13.50	2,123	3.54	2.72	30.1	11.5	.40	2.1	.....	9 mos.	09-84	167.3	19.4	2.4	- 25.0	.39	- 25.0	486.1	25.2	7.0	- 5.4	1.12	- 6.7
Ch Full O Nut .....N	8.50	.38	4.6	8.88	8.13	12.63	7.25	375	.79	1.34	- 41.0	NM	.48	5.6	.....	6 mos.	01-85	30.7	7.0	.2	100.0	.04	33.3	57.2	- 1.7	.3	- 57.1	.07	- 53.3
Disney, Walt .....N	80.63	3.63	4.7	80.75	76.00	81.13	45.25	5,279	1.60	1.36	17.6	56.0	1.20	1.5	.....	6 mos.	03-85	451.5	8.6	35.0	11.8	1.04	26.8	878.0	20.9	67.2	66.7	1.99	71.6
Esteban Foods .....O	1.88	- .13	- 6.3	2.13	1.88	3.00	1.13	107	.46	.83	- 44.6	20.8	.00	.0	.....	9 mos.	09-84	3.5	34.6	.0	NC	.02	.0	9.8	25.6	(.1)	- 100.0	(.02)	- 100.0
Gen Mills .....N	55.00	2.13	4.0	55.63	52.88	60.63	47.75	8,214	1.85	1.58	17.1	32.5	2.24	4.1	.....	9 mos.	02-85	354.8	- 73.6	(74.1)	- 100.0	(1.64)	- 100.0	3300.6	- 22.2	35.6	- 81.5	.79	- 80.6
Grace W R .....N	41.00	2.00	5.1	41.25	38.75	44.50	36.50	3,892	.80	.96	- 16.7	10.8	2.80	6.8	.....	3 mos.	03-85	1580.0	5.5	35.5	- 22.7	.72	- 23.4	1580.0	5.5	35.5	- 22.7	.72	- 23.4
Horn & Hardart .....A	11.38	.13	1.1	11.75	11.00	16.44	8.63	1,997	1.61	1.38	16.7	16.0	.00a	.0	.....	fiscal	12-84	97.9	- 2.5	2.9	- 34.1	.22	- 33.3	363.8	7.1	9.5	- 29.6	.71	- 34.9
Ogden Corp .....N	31.00	1.38	4.6	31.75	29.50	31.88	24.13	970	.51	.76	- 32.9	15.1	1.80	5.8	.....	fiscal	12-84	524.3	10.8	8.1	- 30.8	.42	- 31.1	2136.7	23.7	39.5	- 24.8	2.05	- 25.2
PepsiCo Inc .....N	54.25	1.00	1.9	54.50	52.63	55.25	39.63	18,034	1.88	1.89	- .5	14.2	1.78	3.3		3 mos.	03-85	1683.6	4.9	62.8	33.1	.66	32.0	1683.6	4.9	62.8	33.1	.66	32.0
Pillsbury Co .....N	46.88	.38	.8	47.63	46.00	49.50	34.50	1,860	.43	.83	- 48.2	10.6	1.56	3.3	.....	9 mos.	02-85	1171.2	13.1	39.5	9.1	.91	9.6	3451.2	11.7	144.5	17.4	3.33	17.7
Vie de France .....M	11.63	- .13	- 1.1	11.75	11.50	15.25	10.50	1,027	.95	1.03	- 7.8	19.1	.23	2.0	.....	6 mos.	12-84	15.5	26.0	1.6	- 33.3	.14	- 41.7	29.7	22.7	3.0	25.0	.27	12.5

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting Period

3 mos. - First quarter of fiscal year
6 mos. - First six months of fiscal year
9 mos. - First nine months of fiscal year
fiscal - Fiscal year
NEW - New report since last issue

General Field Footnotes

NA - Not available or not applicable.
NC - Data required for calculation currently incomplete in our files.
NE - Negative earnings invalidate calculations.
NM - No meaningful figure..
a - Under dividend amount, an 'a' indicates a stock dividend.
b - Indicates cash plus stock dividend when applied to dividend amount column.

Market

N - New York Stock Exchange
A - American Stock Exchange
O - NASDAQ Over-the-Counter
M - NASDAQ National Market

Data and Table Provided by Media General Financial Services, Inc., Richmond, Virginia 23219

SPOTLIGHT ON FINANCE

Two operators use old contacts for new ventures

By Rick Telberg

Meet Dick Seal and Bob Freeman.

They do not know each other, working thousands of miles apart in different ends of the restaurant business. But they have something in common. Both have used their backgrounds in corporate management to tap financial sources and tactics overlooked by most restaurateurs.

Seal, 48, as president of Servlite Inc. in Madison, Wis., has tapped venture capital funds to launch his fledgling D'Lites of America hamburger franchise.

Freeman, 44, as president of Road House Restaurants Inc. in Mill Valley, Calif., is financing the growth of a chain of full-service California Café restaurants through private placements to a small group of investors.

Both money-raising maneuvers are relatively rare for the restaurant industry.

Venture Economics Inc. of Wellesley, Mass., has estimated that of the 1,285 concerns receiving seed money from registered venture capital funds last year, only six were restaurant operators. Private placements are more common but harder to track, according to Howard & Co. of Philadelphia.

Why did those two businessmen choose the routes they did? And how did they do it?

Seal was an executive at Henrici's, a venerable and far-flung food-service organization with roots going back to 19th-century Chicago, when Pillsbury Co., which picked up the division in a merger with Green Giant, was seeking to jettison it in the late 1970's.

Pillsbury set up contacts with money-men to aide Seal in a management buyout of the entire division. But when interest rates shot up in late 1979, the deal fell through and Seal was able to get only six restaurants—"on a highly leveraged shoestring," at that.

But the contacts Seal had made more than six years before came in handy when he needed $2.5 million to capitalize his D'Lites venture.

"The banks would have wanted us to bet the ranch," Seal said, thus narrowing his options to either individual investors or institutional investors.

"Individual investors can make uncomfortable partners," he said. "They have a propensity to tell you how to run your business.

"But venture capital investors," he continued, "don't have the time to get in the way. And they don't panic as fast as individuals do."

Venture capital, however, "ain't cheap." Seal gave up 70% of the company to win outside investment. His backers are expecting a 60% to 70% return when Servlite goes public or is sold to another concern.

But how patient will the investors prove to be? "I don't know," Seal said, chuckling. "I may find out.

"One thing about venture capitalists," he counseled, "as soon as they come in the front door, they start looking for the back door just in case they have to bail out."

Freeman was a co-founder of Victoria Station Inc., a chain of prime-rib-in-a-railcar restaurants that had seen its heyday by the time he left in 1978.

But the experience gave him the contacts he needed to bankroll Road House Restaurants. Five years and three rounds of financing later, 41 shareholders have purchased less than 50% of the company for $1.5 million. Shares that went to early investors at $1 each are now being used to buy real estate at $5 each.

The tactic is more common than is usually thought, "But so many people are doing partnerships, you don't see very many private placements," Freeman said.

Valuing shares, however, is tricky business. Freeman said he goes "by gut feel." But his backers do not seem to be complaining. Today each of the 2.4 million shares outstanding is supported by earnings of 12¢ each.

* * *

STOCK-PICKERS' PICKS: Wall Street investors may like McDonald's (recent price: $60), but Main Street investors prefer Wendy's ($16). The National Association of Investors Corp. in Royal Oak, Mich., a nonprofit organization of investment clubs, said Wendy's out-polls McDonald's in the portfolios of its members. But the big financial institutions own 61% of McDonald's and only 30% of Wendy's.

* * *

CORRECTION: Because of an editing error, a quotation in a previous column on Federal tax credits was incompletely rendered. The passage should have read:

Richard Pyle, an analyst at Piper, Jaffray & Hopwood brokerage in Minneapolis, sees irony in the credits. The jobs credit, Pyle said, "is a way for the Government to reduce employers' wage expense without reducing the minimum wage." And the investment credit, he noted, "subsidizes growth by offsetting the high interest rates caused by the Government's own deficits."

Profits down at Sandwich Chef

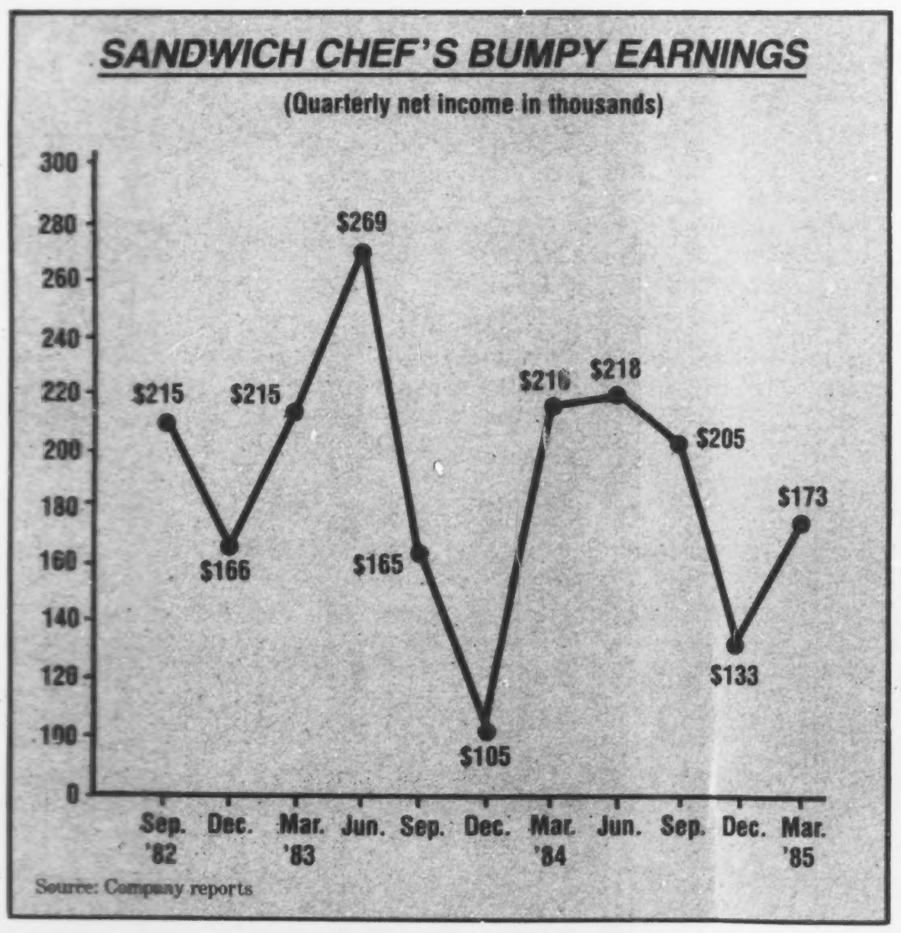
BIRMINGHAM, Ala. — Sandwich Chef blamed bad weather, bad locations and increased competition for reduced profitability in the third quarter ended March 30.

The company posted net income of $172,981, down 20% from the results for the prior year's quarter. Revenue rose 10%, to $7.3 million. The company operates a chain of 207 delicatessen-style sandwich shops in office buildings in eight cities.

President Alan V. Kaufman attributed the profit decline to several factors.

Bad weather cut year-to-year traffic counts by 8%, resulting in a 4% decline for the quarter, he said.

Problems continued in underoccupied office buildings in Houston and Denver. The glut of office space in Houston and Denver has slowed planned divestitures of ailing units.



Godfather's licensee taken over

HOLLYWOOD, Fla. — Top executives of Pizza Ventures, formerly the largest and one of the most successful Godfather's Pizza franchisees, have taken control of American Family Pizza, a struggling 14-unit Godfather's franchisee.

Pizza Ventures veterans Alan McDowell and Daniel Burns will assume the titles of chairman and president respectively of the publicly traded company. American Family Pizza founder Jerry Slusky relinquishes both titles but remains a director.

Under the terms of the agreement, the new management is investing $500,000 by purchasing two million shares of American Family's stock at 25¢ a share. Another $550,000 is to be invested in the form of 10% subordinated promissory notes convertible into common stock next year at 50¢ a share. The new group will own 52% of the company.

McDowell and Burns built Pizza Ventures from a small Minneapolis base in 1978 to a sprawling 120-unit system in 1983. They then sold it to the franchisor, which subsequently merged with Chart House to form Diversifoods.

American Family Pizza reported a net loss of $1,868,985 in 1984 and a net profit of $26,402 in 1983.

Burns said his first priority was "to stabilize operations in Florida and set them on the right track."

Directing Florida operations will be another Pizza Ventures veteran, Kerry Burns, who is Daniel's brother.

NRN FINANCIAL DIGEST

Taco Viva sells supply house

BOCA RATON, Fla. — Taco Viva Inc. said it signed a letter of intent to sell its Boynton Restaurant Supply Co. to an unidentified buyer for $1.25 million in cash and notes.

Garcia's bank extends credit

PHOENIX — Garcia's of Scottsdale Inc. said its lead bank lendor has waived certain technical covenant violations and has extended a $1 million working capital credit line and two other loans until 1986.

The company also posted net profit of $409,000 in the first quarter ended April 21, compared with a net loss a year ago of $203,000. Revenue shrank 6%, to $16.3 million.

Garcia's attributed the profit turnaround to a recovery in its restaurants and reduced costs.

Peoples in rights offering

DALLAS — Peoples Restaurants is offering 2.29 new shares for every one of its 8.7 million shares outstanding at a price of 25¢ each to raise up to $5 million.

Proceeds from the rights offering will be used to renovate existing Peoples restaurants and convert others to franchised Capt. Crab outlets and Studebaker's clubs, in addition to paying down debt, said chairman and chief executive Thomas Heironimus.

Yogurt chain buys offices

LITTLE ROCK, Ark. — This Can't Be Yogurt Inc., a 180-unit chain of snack stands, said it had purchased a building in Little Rock for $2.6 million as its new headquarters.

Tokyo Bowl files for Chapter 11

DENVER — Tokyo Bowl Restaurants Inc., a nine-unit chain of fast-food restaurants serving Oriental food, has filed for protection from its creditors under Chapter 11 of the Federal bankruptcy code.

The move was "precipitated by inadequate cash flow due to poor performance," the company said. Also affected are seven Colorado Junction family restaurants, which the company acquired last October.

Blazing trails to raise capital
—Focus/F5

Operator aims to prove hotdogs are not Edsels
—Page 35

What's hot, what's not in the world of wines
—Focus/F16

Nation's **Restaurant News**®

The Weekly Newspaper of the Food-Service Industry

Vol. 19, No. 22 | Published every Monday by Lebhar-Friedman Inc.; $1 a copy, $18 a year | May 27, 1985

Surge in European travel aids U.S. chains abroad

By Marilyn Alva

LONDON — The record number of Americans who will be tromping through Europe this summer, buying English woolens and French perfume and consuming fish and chips and trout meunière will also be gobbling up burgers and pizza from home.

American fast-food restaurants that dot the heavily traveled tourist meccas from Piccadilly Circus in London to Tivoli Gardens in Copenhagen are attracting not only the natives but also the weary American traveler from the States hungry for familiar food.

"Anytime you take a Pizza Hut, McDonald's or Burger King and put it in a foreign country within eyesight of tourists, it will attract them like a magnet," said a Pizza Hut official based in London. "It's safe. They know what to expect. And they can get back on the street to their sightseeing—fast."

Added John Rome, regional vice president for Wendy's in Europe, "It's a touch of home."

Sales volume at many of the American fast-food outlets is up as much as 30% this year in no small part because of the tourist influx. With some 6.2

*(See **TOURISTS**, page 12)*

School lunches assailed

Cuts threaten most students

By C. Diane Hatcher

WASHINGTON — About 10,000 schools and five to six million children could be forced out of the National School Lunch Program if President Reagan's cuts are enacted, said Gene White, chairman of the American School Food Service Association's Legislative and Public Policy Committee.

Testifying before the Senate nutrition subcommittee, White said that if the proposed budget cuts are adopted, the school lunch program would be limited to serving only "poor children living in pockets of poverty." But she emphasized the ASFS believes "the National School Lunch Program would cease to exist as a nutrition and health program for all children."

The committee's hearing on child-nutrition programs also brought testimony critical of the proposed changes from many school administrators and institutional food-service representatives. Several critics of the Administration's budget plan warned Congress that the proposed cuts of be-

*(See **SCHOOL**, page 47)*

12 named to MUFSO Golden Chain ballot

NEW YORK — Twelve leading chain and corporate food-service executives have been nominated as *Nation's Restaurant News* 1985 Golden Chain award contenders. Six of the 12 will be named Golden Chain winners by the readers of *NRN* in a ballot to be published in the newspaper next month.

Subsequently, a newly formed *NRN* Academy of previous Multi-Unit Food Service Operators (MUFSO) Golden Chain winners, nominees and MUFSO operators of the year dating back to the early 1970's will select one of the six nominees as the 1985 MUFSO Operator of the Year.

The six Golden Chain winners and the MUFSO operator of the Year will be honored at *NRN*'s annual MUFSO banquet in the Hyatt Grand Cypress, Lake Buena Vista, Fla., Tuesday evening, Oct. 15. (For details and registration information contact Paul Rolnick, 212-371-9400.)

The 12 Golden Chain contenders—based on long-term contributions to their chains and to the industry in innovation, training and motivation, quality and consistency—are in alphabetical order:

James Armstrong, vice president, food administration for Walt Disney World Company; Jeffrey Campbell, Burger King chairman; James Collins, Collins Foods chairman; Raymond Danner, Shoney's Inc. chairman; John Farquharson, ARASERVE president; Arthur Gunther, Pizza Hut president; John Lahourcade, Luby's Cafeterias president; Jack Laughery, Imasco USA (Hardee's) chairman; J. Willard Marriott Jr., Marriott Corp. president; James Maynard, Golden Corral Corp. chairman; Richard Melman, Lettuce Entertain You president, and Daniel Scoggin, T.G.I. Friday's president.

INSIDE NRN

UNION ORGANIZES
Berkeley's Local 2 targets "gourmet ghetto" 15

FAST-FOOD CAFE
'Zebos offers a McDonald's-like atmosphere F12

INDEX

Classified	39-44	Inside Purchasing	38
Financial News	48-50	Opinion	9, 10
Food Trends	13	People in the News	11

NEWSPAPER

Studebaker's

0006316C NR
MS. JEANNE LONG
CONGRESSIONAL INFO. SERV 15S
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

Sizzler acquiring 100 Rustlers

Purchase will enhance chain's position in Northeast

By Richard Martin

LOS ANGELES — Sizzler Restaurants International has agreed to buy Rockville, Md.-based Tenly Enterprises for an estimated $15 million to $20 million, thereby adding 100 potential conversion sites—now Rustler units—and a six-unit auto-memorabilia theme concept to its 465-restaurant chain.

The two-year-old Tenly organization would be absorbed into Sizzler as a regional office to run the restaurants, most of which are located from Washington, D.C., to Long Island, N.Y., with concentrations in Philadelphia and northern New Jersey.

Aside from about 25 Sizzlers in New York and the planned expansion of a New York City franchisee, the Riese Organization, Sizzler currently has no significant presence in the Northeast.

In addition to Tenly's 75 Rustler steakhouses and a management agreement with an option to buy 25 other Rustlers in the Baltimore-Wash-

*(See **SIZZLER**, page 14)*

Sizzler plans to convert 80 of the Rustlers it will acquire into Sizzlers units.

Sales increase at sluggish annual rate of 3%

Analysts say industry remains in trendless state

WASHINGTON — Sales at the nation's eating and drinking places rose at a still-sluggish annual rate of 3% in April, to $10.45 billion, the Government said in its earliest and broadest gauge of retail trade.

Restaurant industry analysts, while cautioning that the figures are subject to broad revision, said the industry remained in a trendless state.

The U.S. Census Bureau said April's slight gain was a marked slowdown from a revised 5.4% year-to-year growth rate in March. The figure for March was revised upward from the month-earlier estimate of 3.6%.

Analysts said April's apparent deceleration conflicted with reports from major restaurant chains that showed significant rebounds from March.

The Census Bureau, in addition, revised February's estimate downward a second time, to 1.4% from the month-old 2.7% figure. Harsh winter weather and tough year-to-year comparisons were blamed for traffic falloffs in February.

"Things in April were a little less bad. But they aren't good quite yet," said Edward Keaney, an analyst at Burns, Pauli & Co. brokerage in St. Louis.

Richard Chilton, at Alliance Capital Management in New York, said, "It was a fairly healthy April for some of the fast-food companies I follow. But some of the dinnerhouses seemed to be having problems."

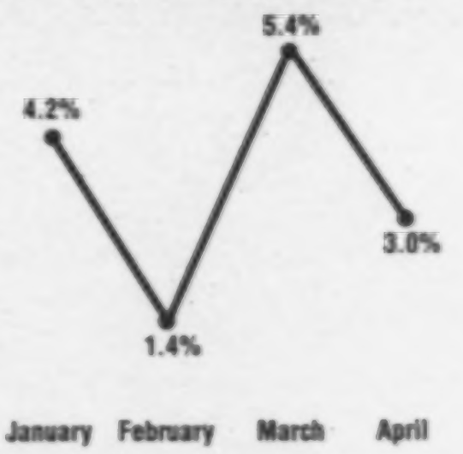
The new Census Bureau figures released by the Commerce Deaprtment boosted food-service industry sales growth in the year's first quarter to 3.7% from an earlier estimate of 3.5%.

Total retail sales for all segments of the nation's economy were up 4.5% in April from April 1984, with durable goods up 6.6% and nondurables up 3.3%.

The figures are not adjusted for inflation or seasonal and holiday trading patterns.

SALES TRENDS SLOW

(Year-to-year percentage change, by month)



Source: U.S. Census Bureau, eating and drinking place sales, not adjusted.

Tavern on the Green, in New York City, opened all six of its dining rooms and served 3,000 people on Mother's Day. According to the NRA, 30% of all families eat out on that holiday.

Mother's Day promos help push restaurant sales to record levels

By Mark Schoifet

Mom was not the only one smiling on Mother's Day. Many restaurateurs were in equally high spirits as heavy customer counts and fixed-price specials helped boost sales to record or near-record levels.

About 30% of all families eat away from home on Mother's Day, making it the most popular holiday for restaurants, according to recent figures made available by the National Restaurant Association. St. Patrick's Day, when 23.8% of all families eat out, ranks second.

"It's the only Sunday we're open all year, and it's well worth it," said Mike Probst, owner of Phil Smidt & Son in Hammond, Ind.

Probst's restaurant did a record 1,121 covers and grossed just short of $20,000 on May 12, compared with about 900 covers and an average $13,000 gross on a typical Saturday. Last Mother's Day, the restaurant did 993 covers.

Phil Smidt & Son was open from 1 p.m. to 7 p.m. on Mother's Day. The menu featured the restaurant's all-you-can-eat house specialties, including frogs' legs, pike filet and chicken. Prices for the all-you-can-eat specials ranged from $7.50 for chicken to $15.95 for boned and buttered lake perch.

Probst said the Mother's Day crowd usually produces a somewhat lower ticket average because of the abundance of children. But he said, labor costs are kept below average because the restaurant is open for fewer hours. Also, many of the more popular dishes—chicken, lobster and steak—are less labor intensive, Probst said.

*(See **MOTHERS**, page 12)*

Bartenders, owners start AIDS program

By Alan Liddle

SAN FRANCISCO — Hundreds of bartenders, floor men, managers and owners of bars and restaurants frequented by gay people in at least three states are taking part in programs aimed at reducing the incidence of deadly acquired immune deficiency syndrome (AIDS).

By training hospitality industry workers to answer questions about "safe sex" practices, providing them with informational pamphlets, hot-line numbers and, in some cases, free condoms to be handed out, supporters of the programs believe they can help efforts to slow the spread of the disease.

The Centers for Disease Control recently reported that in the last four years more than 10,000 Americans have contracted AIDS, which cripples the body's immune system, and nearly half of them died as a result.

The disease still most often strikes homosexual and bisexual men, who make up 73% of the cases, but it is also reported among Haitians, intravenous drug users, recipients of blood donated by infected people and a growing number of heterosexuals.

There is no known cure for AIDS.

In the San Francisco Bay Area, the health-education program is known as "Bartenders Against AIDS," and it has been offering training courses in restaurants and bars since January. Les Pappas, of the San Francisco AIDS Foundation, which is coordinating the program, said that about 150 employees and owners of 50 gay bars and restaurants in the region have been trained.

At participating businesses employees wear T-shirts and buttons with the Bartenders Against AIDS logo, and signs in rest rooms inform customers that free condoms and advice are available. (Some doctors suspect AIDS is transmitted through semen.) Supporters said the program would be effective because many people tell their bartenders things they would tell no one else.

'About 150 employees and owners of 50 gay bars have been trained.'

The Bay Area effort was modeled loosely after a program begun last fall in Ohio by Buck Harris, a gay health con-

*(See **BARTENDERS**, page 14)*

NRN photo helps marshals capture wanted fugitive

NORTH BRUNSWICK, N.J. — Federal marshals credit *Nation's Restaurant News* with helping track down and capture William Fredrick "Weem" Schroeder, a 320-lb. fugitive also wanted in connection with a murder and an armed robbery.

Schroeder, 39, was arrested as he scrubbed dishes in the kitchen of Bucky's restaurant here. Of aid to authorities in ferreting out their man: a story and accompanying photo in *NRN*'s March 4 issue, which law-enforcement officials confirm Schroeder himself read and tore out of the newspaper to prevent his boss from learning his true identity.

"The response was just unbelievable," said Dwight Schlegel, supervisor for the Warrants Squad of the U.S. Marshal's office in Baltimore, Md. "An awful lot of people, especially restaurant owners and managers, thought Schroeder had applied for jobs at their restaurants, and contacted us."

The story drew so many calls, Schlegel said, that they developed into a standing joke —"Oh, another Schroeder ghost. Let's go check it out."

Police found a bullet-proof vest and knives in the room Schroeder had rented adjacent to the restaurant. "Everything we thought about him turned out to be right," said Schlegel, who had theorized that Schroeder would be working in a restaurant kitchen somewhere.

"Leads from your article led us as far as California, Grand Rapids, Atlanta, Texas, Florida and North Carolina," he said. "At one point we tracked him to a restaurant in Ocean City, Maryland, but he got one step ahead of us."

These photos, published in the March 4 issue of *NRN*, helped Federal marshals track down William Schroeder.

Bucky's manager, who requested anonymity, called Schroeder "easygoing, basically a nice guy, never bothered anybody, never raised his voice. He was a workhorse." Schroeder had worked for the manager three years before at the nearby Rusty Nail restaurant, where he was also a dishwasher. When the manager heard the Rusty Nail was going up for sale, he called Schroeder and asked if he needed a job.

"All the employees said that if he needed a character reference, they'd all walk 500 miles to give it to him," said the manager.

Schroeder was wanted for Federal parole violation and was serving 14 years for firearms violations and escape. He is also wanted for murder and armed robbery by other law-enforcement agencies.

BRAND CHICKEN WING SECTIONS

The only deep-fry ready chicken wing sections known and ordered by name—100 million sold every year. Remember, if they're not from Pierce, they're not Wing-Dings.®

© 1985 PIERCE FOODS CORP.

WING-DINGS®

PIERCE

U.S. tourists abroad seek taste of home

(Continued from page 1)

million Americans expected in Europe this summer, an increase of 8.5% from the number last summer, which was a record year, chains such as Wendy's, Burger King, McDonald's and Pizza Hut are gearing up for the invasion.

"We're emphasizing a state of readiness," Rome said. He noted that Wendy's stores in busy central city areas, especially London, where there are stores at The Strand, Cambridge Circus and Oxford Street, are adding more help and managers to prepare for the American onslaught.

Wendy's, for one, has made a "low-key" effort, said Rome, to guide American tourists its way by contacting tour groups and selected hotels and handing out maps of the chain's European locations. Burger King advertisements are more visible in London, where five stores are located in central London; ads are spread across the sides of London taxis.

Many fast-food chains are extending closing hours to as late as 4 a.m. And with openings as early as 6 or 7 a.m., one can obtain a hamburger or a chicken nugget practically 24 hours a day.

"We've had people straight from Heathrow Airport," said a serious John Scott, Burger King's marketing director for Western Europe. He noted that a Burger King meal after an all-night flight from America does wonders for jet lag. "I've arrived at a Burger King store at 6 a.m. to find a London taxi waiting for us to open. Tourists from America who have flown all night have a Whopper and feel much better."

American tourists are, of course, becoming more sophisticated and do not go to Europe to dine on Big Macs and Whoppers alone. They do like to sample European restaurants and make a European meal a special occasion. Several London and Paris fast-food American outlets report that the American crowds thin out by 7 or 8 p.m. after virtually amounting to a stampede during the lunch and afternoon snack hours.

But even night after night of dining occasions can prove wearisome, and the "I'm tired of French food" crowd may forgo coq au vin for more plebeian fare. "They get sick and tired of all those cream sauces; after a while they want real American food," said American in Europe restaurateur Bob Payton. "They get nouvelle cuisined out. By the end of the day they want a pepperoni pizza."

If they do want a pepperoni pizza, Bob Payton happens to be around to provide it, at his new Chicago Pizza Pie Factory off the Champs Élysées in Paris, where 50% of the customers are Americans, and at others in London and Barcelona.

He also operates an American-style fish house and ribs shack in London filled with Americans "starved for American food." 80% of the customers at Payton's Henry J. Beans bar and grill on the King's Road in London on a Saturday afternoon are Americans, he said.

"Business is going to be unbelievable [this summer]," said Payton, who noted his American-style restaurants are already seeing capacity crowds. "The summer means lines will be longer."

Four Burger King stores on the Champs Élysées are raking in almost $3 million a year each in annual sales. Although the restaurants are vastly popular with Parisians, Americans are contributing to the volume. "We absolutely welcome them. They're good business. They're glad to be abroad but glad to see something familiar," said Scott.

In Milan Americans are much in evidence at Wendy's four stores, the first and only U.S. fast-food presence in that city.

And in Germany, where American military bases provide an uncommonly high number of American customers, the American stores—most notably McDonald's, the leader, with 200 units—are bursting with folks from back home.

Other chains there are not doing badly, however. Wendy's has 20 units in Germany; Pizza Hut is expected to add eight more to its current three. Burger King's highest-grossing units in Europe are near military bases in Germany; they take in about $3.5 million each.

But American fast-food chains doing business abroad want first and foremost to attract the locals. The Americans who are crowding into many of their stores are considered attractive business boosters. Said the Pizza Hut executive based in London: "Americans we're getting are just the icing on the cake."

WISCONSIN REAL CHEESE

When you order cheese—make sure it's

Real Wisconsin cheese

Nobody makes cheese like Wisconsin makes cheese.

REAL® Dairy Farmers of Wisconsin WMMB Wisconsin Milk Marketing Board

Madison, Wisconsin 53711

Only One Grain In Four Is Good Enough For Chef-way®.

We can choose from the largest supply of rice in America. And we do. That's why Chef-way® quality is unmatched. By anybody.

Chef-way® Conditioned Rice

UP TO 15% LONGER FRYLIFE THAN OTHER LEADING NATIONAL PREMIUM BRANDS.

Bunge Edible Oil Corporation BEOCO®

Customer Service Number:
1 800 828-0800
In Illinois: 1 800 822-0800

Mother's Day traffic up

(Continued from page 4)

The 95th Restaurant in the Chicago John Hancock Center racked up more than twice its average gross on Mother's Day. It attracted 800 patrons and grossed $15,000 for a 10:30 a.m. to 4 p.m. brunch and a late dinner, according to Christian De Vos, general manager of the Fine Dining Division of ARA Services in Chicago, which operates The 95th. A typical Sunday brunch and dinner attracts about 400 customers combined, De Vos said.

He said Mother's Day is a valuable promotional tool because the restaurant is able to serve many first-time customers.

"We have the opportunity to reach so many people on this particular day," De Vos explained. "So we are extremely careful to give them the same value and service that we would on any other day. We want them to come back."

The 95th's Mother's Day brunch was prepared by chef William Della Ventura. The $17.50 fixed-price special included chicken breast with mustard and green peppercorn sauce; carved baked ham with glazed honey and grown sugar; grilled halibut with scallions, soy and sesame sauce; spinach pasta with cheese and roasted garlic custard, and warm crepes with marmalade and brandy sauce.

For a high-grossing restaurant, Mother's Day can mean an even higher gross. Tavern on the Green in New York, one of the highest-grossing restaurants in the country, opened all six of its dining rooms and served 3,000 people on Mother's Day. Among the fixed-price specials (average $28 per person) were roast rack of lamb, fresh salmon and Chateaubriand. The special included appetizers and desserts.

And Tavern on the Green's gross for the day? Almost $90,000.

"It keeps us off the streets," quipped Gail Bedard, Tavern's reservation manager.

"I'll take five Mother's Days a year," said ARA's De Vos.

FOCUS | NRN

COVER STORY

BLAZING PATHS TO RAISE CAPITAL

By Rick Telberg

Just as restaurant operators were learning to live with the financial marketplace, the rules changed.

Many traditional sources of expansion funds are drying up, the result of shifting economic undercurrents and a swelling tidal wave for tax reform.

But, at the same time, savvy restaurateurs are charting new routes for raising money.

"There are more people expanding in the restaurant business than in almost any other," said John Wolfe, acquisitions vice president at Realty Income Corp. in Escondido, Calif., a major investor in restaurant real estate.

Roughly 17,000 restaurant concerns are born—and die—every year in the volatile food-service industry. It is evidence, perhaps, that there is no shortage of capital. But it is evidence, too, that investors have reason to be wary and operators to be deft.

Going public? Think twice

The stock market, which allowed about 75 restaurant companies to go public from 1980 through 1984—five times as many as in the previous 10 years combined—has clearly soured on new issues.

"There aren't a lot of concepts left out there that haven't gone public," said Wayne White, a corporate financial adviser at Montgomery Securities in San Francisco. "And in this market, who'd want to?"

Investors say they are reluctant to fund new issues because they have been burned by former high-fliers that plunged to earth. Among the oft-mentioned miscues: Kelly-Johnston Enterprises, Pizza Time Theater, Big Bite, Tokyo Bowl and Godfather's Pizza.

But Bob Benowitz, an attorney at the New York law firm of Hill, Betts & Nash, which handled the recent public offering of Sbarro Inc., a 100-unit Italian cafeteria chain based in Melville, N.Y., advises:

"There is probably nothing better for a growing company that's in good shape than establishing access to the public equity markets."

Lendors under pressure

Commercial lenders, mindful of the carnage in the new-issue markets and taking views about an industry shakeout seriously, say they are tightening up their credit practices.

"It's getting harder for the upstart to start up," said one credit officer at an Eastern money-center bank. "But, hey, I'm a cruel and heartless banker. I don't care."

Nevertheless, another lending officer, this one on the West Coast, likes the sheer economics of the restaurant business. "There are no assets to borrow on," he said. "But almost 90% of the fast-food business has excellent cash flow."

Neither banker wanted to be identified in print.

Despite banks' professed reticence, most first-time restaurateurs fund their ventures, at least in part, with bank loans, almost always pledging personal assets, such as a home, as collateral.

Life without the S.B.A.

But new entrepreneurs could face a tougher job if Washington budget-cutters eliminate the U.S. Small Business Administration's lending programs. Last year the S.B.A. floated $328.8 million in direct loans or loan guarantees to 1,794 restaurant concerns.

"We might not be where we are today without the S.B.A.," said Thomas J. Sandeman, chief financial officer at Cucos Inc., a nine-unit Mexican dinnerhouse chain in New Orleans, which won S.B.A.-backed financing at a crucial stage of development.

S.B.A. financing has been especially useful to operators of restaurants franchised from national chains, said Janet Lowder, a restaurant financial specialist at the national accounting firm of Laventhol & Horwath's Los Angeles office. She added, however, that the financial system would find ways to compensate for the S.B.A.'s absence.

"Without the S.B.A.," she said, "banks will have to adjust to get the continuing business from restaurants. They write most of the loans the S.B.A. guarantees anyway. Banks need the revenue, especially savings and loans that are trying to get out of the home-mortgage business."

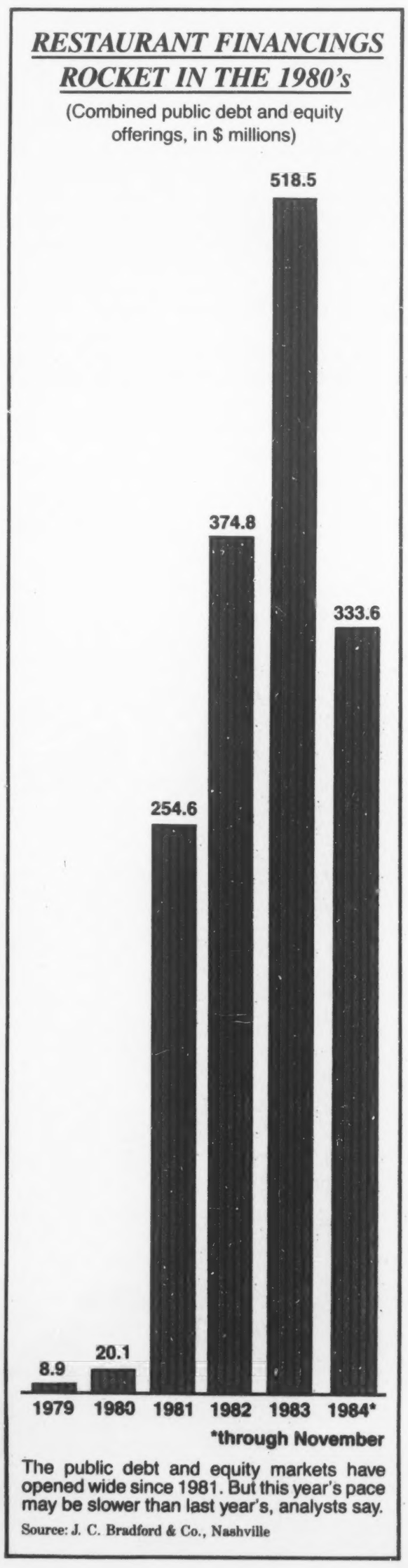
Seeking shelter

Washington politicians, seeking to cut the Federal deficit and heed the call for a fairer and simpler tax system, are clamping down on tax shelters, such as limited partnerships, long one of the most widely used financing vehicles for restaurants.

"Limited partnerships are getting

(See CAPITAL, page F8)

Sbarro is one of the many companies in recent years that went public in order to tap new sources of capital.



FOCUS | NRN

BLAZING PATHS TO RAISE CAPITAL

'Investors say they are reluctant to fund new issues because they have been burned by former high-fliers.'

(Continued from page F5)

bigger," noted White at Montgomery Securities. "Rather than putting together deals for just one, two or three restaurants at a time, I'm seeing deals for 12 or 25 at a shot."

Sales of real-estate limited partnerships hit a record $1.9 billion pace in the year's first quarter, according to Stephen Roulac & Co. of San Francisco. The reason: The instruments may lose their appeal after proposed tax-law changes, but current investors would be protected under "grandfather" clauses.

"We've raised $600 million in the past five years," said Morton Fleischer, president of the Franchise Finance Corp. of America, a Phoenix concern, backed in part by E. F. Hutton & Co. of New York. FFCA buys fast-food real estate, sells it in packages to investors and leases the site back to the restaurant operator.

"And we're getting applications from restaurant operators at the rate of one to two per day," Fleischer said.

If tax-sheltered partnerships are legislatively curtailed, real-estate investment trusts, REITs for short, may rise to take their place.

Golden Corral Corp., a privately held family steakhouse chain based in Raleigh, N.C., shook up the financial markets last October when it established a trust that raised $12 million to build 25 new restaurants.

"It's essentially a closed-end mutual fund that invests in real estate," said Bob Frank, a real estate analyst at Alex. Brown & Sons in Baltimore, the investment banking firm that underwrote Golden Corral's novel offering.

"Limited partnerships," he said, "still give the highest after-tax return to investors. But with the tax changes I'm hearing about, REITs could become the most efficient way to finance real estate."

Fifteeen new trusts, totaling $1.6 billion, were registered during the first quarter, Stephen Roulac & Co. reported, suggesting trusts will surpass their 1971 record.

Venturesome capital

Restaurateurs use real estate partnerships to convert the equity in their sites into increased cash flow, but funding brand-new enterprises remains in the high-strung world of venture capital. And yet venture capital remains an almost insignificant factor in the restaurant business.

Venture Economics Inc., a Wellesley, Mass., firm that tracks the $3 billion-a-year business of financing start-ups, reported that only 18 of the 2,700 concerns receiving disbursements in the last two years were restaurant companies.

"The consumer sector, restaurants included, is market-driven, not technology-driven," said Elsia Salvato, an analyst at Venture Economics. "So there's not as much opportunity for an investor to hit it really big."

Despite the difficulties, more venture capital has flowed to D'Lites of America, an Atlanta-based hamburger chain, and its franchisees, than to any other concept in recent years.

"You need a gimmick," Salvato said. "And D'Lites supposedly has high-nutrition, low-calorie hamburgers that fit into the sports-mindedness of the consumer sector today."

But Art DelVesco, general partner of Windpoint Partners in Racine, Wis., which invested in a D'Lites franchisee, countered, "You invest in management, not concepts."

But D'Lites may have been positioned to attract venture investors, said Dick Seal, president of Servlite Inc., Madison, Wis., a franchisee with one unit under construction and six more planned for the year.

"From the investors' point of view," Seal said, "you seldom find a restaurant start-up as nationally recognized or as fully developed at such an early stage."

Though D'Lites may have been particularly adept at obtaining start-up financing, its management strategy is not unusual, many experts said. A new generation of restaurateur, bred in publicly held corporations, is bringing a long-term perspective to corporate financial planning that molds every step from inception to initial public offering.

Private deals

Bob Freeman, a co-founder of Victoria Station, is building Road House Restaurants Inc. of Mill Valley, Calif., through private placements of common stock to a select group of close investors.

"It came naturally to me, I guess, because I was used to dealing in a corporate setting with shareholders," said Freeman, whose company has five California Café restaurants and plans three more soon.

Three offerings in recent years have raised $1.5 million from 41 shareholders. Freeman and his closest executives have retained 50% of the company. The $1 shares they floated in the first placement have grown in value with the company so that today Freeman is closing real estate deals with shares worth $5 each.

"There are too many glitches with partnerships," Freeman said. "You have to buy them out or merge them in before going public."

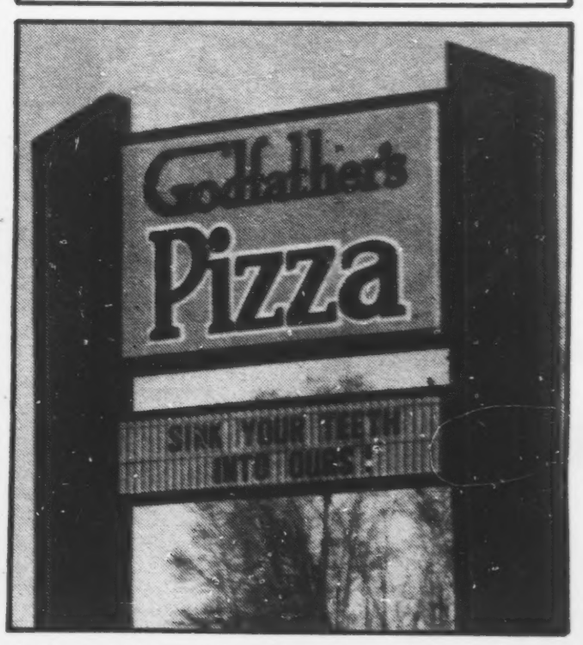
Freeman is now weighing his alternatives for a fourth round of financing. "We're wondering," he said, "whether to go to venture capital firms, a bank or back to some of our shareholders."

A SELECTED MENU OF FINANCIAL TACTICS

Appetizers (for Start-Ups)
- personal funds
- funds from family and friends
- bank loans with personal guarantees
- U.S. Small Business Administration
- limited partnerships
- equipment leasing
- seller, or carryback, financing

Entrées (for Mid-Sized Firms)
- Sale-leaseback financing, from:
  - real estate developer
  - financial institutions
  - private groups
- bank lines of credit
- private placements
- venture capital
- going public

Desserts (for Mature Companies)
- issue additional equity or debt
- straight mortgages
- refinance old mortgages
- merge, divest or acquire



One of the public-offering stars that fell to earth was Chuck E. Cheese's Pizza Time Theatre. Godfather's also took a fall, making investors more wary of initial public offerings. On the other hand, Golden Corral was successful in its innovative financing measures.